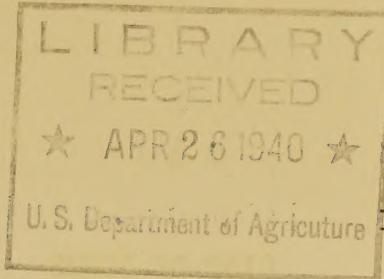


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SRC-303



Issued March 29, 1940.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

SOUTHERN DIVISION

STATE OFFICE PROCEDURE FOR SETTING OFF AMOUNTS DUE THE UNITED STATES

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LIST OF FORMS

The following forms (hereinafter referred to by form numbers) will be used in connection with this procedure.

Form ACP-25, "Voucher for Agricultural Conservation Payments Subject to Deductions for Claimant's Indebtedness".

Form ACP-26, "Receipt in Lieu of Form _____, 'Application for Payment', and Related Documents, Agricultural Conservation Program".

Form ACP-27, "Facing Sheet for Form _____".

Form ACP-28, "Official Receipt".

Form AAA-367, "True Copy of General Accounting Office Certificate of Settlement (39A)".

Form AAA-372, "Producer's Request for Set-Off".

Standard Forms:

No. 1044, "Schedule of Collections"

No. 1047, "Public Voucher for Refunds"

No. 1048, "Public Voucher for Refunds"

No. 1096, "Schedule of Voucher Deductions"

No. 1097, "Request for Corrections in Appropriation, Fund, Limitation, and Official Project Accounts"

Form FCI-76-Wheat-1940, "Schedule of Premium Refunds or Indemnity Payments"

Form Ad-42, "Administrative Report"

Form SRM-351, "Priority of Set-Offs".

SECTION I. GENERAL

A. Applicability.

1. The procedure outlined herein is for use after the date of issuance hereof in making set-offs against payments certified under all agricultural programs administered through the State office.

B. Definitions.

1. As used herein the terms and abbreviations listed below are defined as follows:

"Director" means the Director of the Southern Division, Agricultural Adjustment Administration.

"Administrative Officer" means the Administrative Officer in Charge.

"Association Secretary" means the secretary of the county agricultural conservation association.

The phrase "Program administered through the State office" means a program with respect to which the applications for payment are examined and certified for payment by the State office.

"Application" means any application for payment submitted in connection with any agricultural program administered through the State office, such as Forms SR-209, SR-214, SR-255, ACP-90, ACP-96, ACP-98, SR-309, SR-314, SR-355, ACP-111, SC-20, etc.

"Register" means the register of indebtedness maintained by the State office.

"Person" is defined as in the applicable bulletin issued in connection with the program with respect to which the application is filed.

"Applicant" means a person who signs an application for payment, or a person (other than an assignee) who may be paid under the application without the requirement that his signature appear thereon. When the application is filed by more than one person the term "Applicant" shall be construed to mean!

Any individual who is entitled in his own right to a payment under an application, or

Two or more persons such as co-owners or co-operators, who together are entitled in their own right to a payment under an application.

The term "Applicant" includes the estate of a deceased or incompetent person, and also includes a widow of, or other successor in interest to, a deceased person, such decedent having contributed to the performance for which payment is to be made.

"Debtor-applicant" means any applicant who is indebted to the United States.

"Predecessor" means any person for whose performance a successor in interest, such as the decedent's widow (or widower) has filed application for payment. 1/

"USDA" means the United States Department of Agriculture.

"AAA" means the Agricultural Adjustment Administration.

"CCC" means Commodity Credit Corporation.

"FSA" means Farm Security Administration.

"FCA" means Farm Credit Administration.

"Other USDA agency" means any agency or bureau of the USDA other than the AAA, the CCC, the FSA, or the FCA.

"Independent agency" means any agency of the United States not within the USDA.

"GAO" means General Accounting Office.

"Preaudit Office" means the local field preaudit office of the GAO.

"DO" means the Regional Disbursing Office serving the State office.

C. Identification of Applicant Reported to be Indebted.

1. When it appears that an applicant is indebted to the United States it must be determined, by correspondence with the said applicant, or with the association secretary, or by other means, that the applicant is the person indebted. Payment to such applicant shall not be certified unless and until his identity with respect to the debt is established.
2. In some cases a person will no longer reside in the county in which

1/ The indebtedness of the estate of a predecessor shall be collected by set-off against the payment due the successor in interest only if the debt is owed to the AAA.

his indebtedness is reported, or will have qualified for payment on farms located in other counties or States. Association secretaries should therefore be instructed to ascertain whether the persons reported to be indebted in a particular county are still located therein and also to furnish the State office with any available information concerning the debtor-applicant which may assist in the liquidation of the debt.

3. If an indebted person no longer resides in the county in which the debt is reported, the association secretary should attempt to ascertain his new address by writing to the indebted person or by making inquiry of his friends or neighbors, the postmaster, or other persons in a position to have knowledge of his present address, and should report the same to the State office.
 - (a) If the State office finds that an indebted person resides in another county within the same State, the State office should advise the association secretary for the county in which he is located of the existence of the debt.
 - (b) If the State office finds that an indebted person has moved to another State within the Southern Region the State office should notify the Administrative Officer for the State in which such person is located of the existence of the debt by furnishing him with the name and address of the indebted person, a description of the payment under which the refund is due, the name of the disbursing officer who made the overpayment, the DO voucher number, the symbol and title of the appropriation to be credited with the refund, and the amount due.
 - (c) If the State office finds that an indebted person has moved to a State not within the Southern Region, the State office should advise the Director of all the circumstances of the debt and the new address of the indebted person as indicated in subparagraph (b) of this paragraph 3, in order that the appropriate Division of the AAA may be notified.

D. Priority of Set-Offs.

1. Set-offs shall be made in the following order:

- (a) Debts owed to the AAA, in the following order:

- (1) Debts arising from failure to return properly

executed Forms CAP-3 with respect to payments under the 1935 Cotton Price Adjustment Program.

- (2) Overpayment certified through the State office (including indebtedness for grants of aid and crop insurance advances).
- (3) Debts arising from overpayment made in Washington by the AAA.
- (4) Debts arising from failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938.
- (b) Debts owed to the CCC entered on the register.
- (c) Debts owed to the FSA entered on the register. 2/
- (d) Debts owed to the FCA entered on the register. 2/
- (e) Debts owed to the other USDA agencies entered on the register. 2/
- (f) Debts owed to independent agencies entered on the register. 2/
- (g) Set-off of any amount requested by debtor-applicant on form 372 (filed on or before February 9, 1940), or an assignment, whichever was first filed in the county office.

E. Correction of Data on Register.

1. Notations of amounts collected by set-off (except amounts set off pursuant to forms 372) and the serial numbers of the applications and the administrative voucher numbers whereunder the set-offs are made shall be made on the register at the time the set-off is made. In connection with crop insurance advances recovered from crop insurance indemnities the State office shall, upon receipt of Forms FCI-76, make notations on the register of indebtedness of the amount of the advance being recovered and the lot number of the Form FCI-76 on which the recovery is reported. The register should be corrected by having amounts reinstated upon receipt of notice that the application under which a set-off was made has been suspended by the GAO. The register may also be corrected upon a showing that the amount of an indebtedness has been officially reduced, which will be evidenced by one of the following:

2/ For 1940 and future agricultural conservation programs, an assignment filed in the county office takes priority over any such debt subsequently entered on the county office register and in such cases any amount in excess of the payment to the assignee shall be paid to the applicant and not set off in favor of the creditor-agency.

- (a) Receipt of Form C-1110, Supplement A (due to reduction in amount of indebtedness for reasons other than State office set-offs).
- (b) Receipt of form 367 if the set-off is made by the Claims Division of the GAO pursuant to the provisions of subparagraph (a), paragraph 2, subsection I of this section I.
- (c) Receipt of Notice of Settlement by the Treasury Department if the set-off is made pursuant to the provisions of subparagraph (b), paragraph 2, subsection I of this section I.
- (d) Receipt of information from the creditor-agency that a debt owed to such agency has been totally or partially liquidated or a request from the creditor-agency that only a portion of the debt be set-off against the payment in question.
- (e) An administrative determination that an apparent debt to the AAA is in fact not owed.

F. Forms AAA-372.

- 1. Forms 372 filed in county offices after February 9, 1940, are not acceptable and should be returned to the respective agencies by the county offices. Future references to forms 372 pertain to forms filed on or before February 9, 1940.
- 2. The amount to be set off pursuant to the request of an applicant on form 372 shall be governed by the stipulation of the applicant. If both a percentage and an amount are stipulated, the amount to be set off shall be the smaller.

G. Cases Wherein a Set-Off will not be Made.

- 1. No set-off shall be made against any amount payable to a person in the capacity of assignee in liquidation of such assignee's indebtedness.
- 2. No set-off shall be made in favor of any agency of the United States other than the AAA if the indebtedness is reported to the State office subsequent to the time payment is certified.

H. Cases Wherein Set-offs will be Made.

- 1. Set-offs shall be made in the following cases:
 - (a) Debts owed to the AAA regardless of whether the indebtedness is reported to the State office prior to the time the

payment is certified. 3/

- (b) Debts owed to the CCC if such debts are reported to the State office prior to certification of payment. 3/
- (c) Debts owed to the FSA, FCA, any other USDA agency, or any independent agency if notice of such debt is received in the county office prior to the filing of an assignment.
 - (1) If it is found that payment has been certified by the State office without regard to the notice of the existence of the debt at the time payment was certified and the check has not been delivered, such check shall be canceled and a "dummy" application prepared, against which a set-off shall be made in accordance with the applicable procedure provided herein. The signature(s) of the applicant(s) will not be required on the "dummy" application.

I. Non-Receipt of Treasury Check by Debtor-Applicant.

- 1. The Clearance Unit may find when preparing an administrative report to the Treasurer of the United States relative to a lost, forged, or destroyed check that the payee is indebted to the United States. If the indebtedness is owed to any agency of the United States other than the AAA the amount of such debt will not be deducted from the proceeds of the check unless the State office was on notice of the existence of the debt at the time the payment was certified.
- 2. If the payee is indebted to any agency of the United States other than the AAA and the State office was on notice of the existence of the debt at the time of certification of the related voucher, and in all cases of indebtedness to the AAA, the set-off shall be made in accordance with subparagraph (a) or (b) of this paragraph 2, whichever is applicable.
 - (a) If the letter from the Treas., U. S. indicates that the check has not been paid, an undated reply shall be prepared in septuplicate (original and six copies) similar to the example appearing in paragraph 4, subsection I of section IV hereof on the stationery of the Office of Budget and Finance, for the signature of the Acting Director of Finance.
 - (1) Form AD-42, similar to the example appearing in

3/ In such cases the indebtedness takes priority over any assignment and if the payment exceeds the amount of indebtedness such excess is available for payment to the assignee, if any.

paragraph 2, subsection I of section IV hereof, shall then be prepared in sextuple (original and five copies). If the debt is owed to the AAA and arose as the result of an overpayment certified by the State office, the report shall also include a concluding paragraph relative to the debt, setting forth:

- a. the amount of the debt,
- b. the appropriation to be credited,
- c. the DO voucher number whereunder the overpayment was made,
- d. the name of the Disbursing Officer by whom the overpayment was made,
- e. a description of the payment under which the refund is due,
- f. the period of the account during which the overpayment was made.

(2) The letter from the Treas. U. S., a copy of the letter addressed to the Treas. U. S., and a copy of Form AD-42, shall be filed in the Clearance Unit. A copy of the letter from the Treas. U. S., the original and four copies of the letter to the Treas. U. S., and the original and three copies of Form AD-42 shall be forwarded to the Director. One dated, signed copy of the letter and Form AD-42 will be returned to the State office by the Southern Division at the time the case is referred to the Claims Division, GAO. Settlement will be evidenced by form 367 forwarded to the State office by the Southern Division.

(3) If the payee, or the estate of his predecessor, is indebted to the AAA under a program administered through the State office, prepare form 28, in quadruple (original and three copies). 4/

(b) If the letter from the Treas. U. S. indicates that the amount of a forged check has been paid and recovered through the endorsers, and it is determined that the payee is indebted to the AAA, or to any other agency of the United States if the State office was on notice of the existence

4/ If the set-off is being made in liquidation of a debt arising under a program with respect to which deductions were made for county association expenses, one additional copy of form 28 shall be prepared and forwarded to the Control Accounts and Reports Section, AAA, Wash., D.C., showing the necessary correction in the county association expense deduction.

of the debt at the time of certification of the related voucher, an undated reply similar to the applicable example appearing in subparagraph (a) or (b), paragraph 5, subsection J, section IV, hereof, shall be prepared in septuple (original and six copies) on the stationery of the Office of Budget and Finance, for the signature of the Acting Director of Finance.

(1) If the payee, or his predecessor, is indebted to the AAA under a program administered through the State office, prepare form 28 in quadruple (original and three copies). 4/

J. Minimum Amount to be Set Off.

1. If the amount of the debtor-applicant's indebtedness is less than \$1.00 such indebtedness shall not be collected by set-off, except that; (a) amounts less than \$1.00 will be set off in cases where an overpayment was made which resulted in an underpayment being made to one or more producers, and (b) any indebtedness arising from failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938, regardless of the amount, will be set off.

K. Cases of Joint Indebtedness or Joint Payments. (1) In cases where the register of indebtedness shows the indebtedness in the name of a partnership, co-owner or co-operator, the payment accruing to one of the partners, co-owners or co-operators as an individual is to be applied toward liquidation of the indebtedness; (2) in cases where the register shows the indebtedness in the name of an individual and payment accrues to such person as a partner, co-owner, or co-operator, an amount equal to the extent of such person's interest (to be determined by means of a statement signed by the interested persons) in the payment to the partnership, co-owners, or co-operators, is to be applied toward liquidation of the indebtedness.

SECTION II. USE OF FORM SRM-351, "PRIORITY OF SET OFFS"

A. Applicability.

1. A form 351 need not be prepared in cases where the debtor-applicant is shown on the register as being indebted to only one agency unless it is necessary to prorate payments to assignees after making set-off(s) in favor of the AAA or CCC.
2. A form 351 shall be prepared with respect to the applications in which a debtor-applicant has an interest which are filed under each program in connection with which a set-off against the

debtor-applicant's payment is to be made, if the debtor-applicant is shown on the register as being indebted to more than one agency or it is necessary to prorate payments to assignees as provided in 1, above. If a debtor-applicant has an interest in applications covering farms in more than one county, a separate form 351 shall be prepared for the application(s) from each county, if a set-off is to be made against the payment accruing to the debtor-applicant under the application(s) from such county.

B. Preparation of Form SRM-351.

1. After the net payment due to the debtor-applicant with respect to each application in question has been determined and all such payments have been adjusted for multiple farm provisions, where applicable, form 351 is to be prepared in the manner outlined below. A sufficient number of copies shall be prepared to attach one copy to each voucher under which payments with respect to the related application(s) are certified.

- (a) Enter in line 1, column B, the sum of the payments (less association expenses) computed for the debtor-applicant on all applications under the program (including amounts payable to assignees, if any).
- (b) Enter in line 2, column A, the amount of any set-off(s) in favor of the AAA, not to exceed the amount in line 1, column B. If there is an entry in line 2, column A, enter in line 2, column B, the amount, if any, by which the entry in line 1, column B, exceeds the entry in line 2, column A.
- (c) Enter in line 3, column A, any amount owed to the CCC by the debtor-applicant as shown on the register, (requests on forms 372 are not to be included) not to exceed the remaining amount available for deductions. If there is an entry in line 3, column A, enter in the same line in column B the amount, if any, by which the entry in line 2, column B, exceeds the entry in line 3, column A.
- (d) Where there is a remaining amount in column B:
 - (1) If only one application is covered by the form 351 the remaining payment, if any, to be made under the application shall be made in accordance with the order of priority set forth in subsection D, section I hereof.
 - (2) If more than one application is covered by the form 351 and the remaining payment, if any, is sufficient to pay all assignees, if any, the form 351 shall be completed to show the amount paid to

each assignee and the remaining payment, if any, (but not to exceed the sum of payments computed for the applicant on applications showing no assignment) shall be available to set off amounts of indebtedness, if any, to other agencies in accordance with the order of priority set forth in subsection D, section I hereof and each set-off shall be listed on the form 351.

- (3) If more than one application is covered by the form 351 and the remaining payment is not sufficient to pay all assignees, the amount remaining shall be prorated between the assignees in the proportion that the amount that would otherwise be paid each assignee bears to the sum of such amounts.
- (e) Obtain the total of column A and determine that it does not vary from the entry on line 1, column B, by more than ten cents.
- (f) The original shall be signed by the Claims and Remittance Clerk and attached to the related lot of applications. The copies shall be initialed by the Claims and Remittance Clerk and shall be filed with the file copy of the related voucher(s). There shall be entered on each application listed on form 351, a notation to the effect that a copy of form 351 is attached to the related voucher.

C. Determination of Person(s) Who are to Receive Payment Computed for the Debtor-Applicant on Each Application.

1. Any amount shown on form 351 as being payable to an assignee or pursuant to a form 372 must be vouchered for payment under the application with respect to which the assignment or form 372 was filed.
2. The amount payable to the debtor-applicant (as shown in line 11, column A, form 351) shall first be vouchered under any application(s) whereunder there is payment computed for the debtor-applicant in excess of an amount payable to his assignee and thereafter any amount remaining to be vouchered shall be vouchered under any application(s) whereunder there is a net payment computed for the debtor-applicant.
3. Debts listed on form 351 which are to be set off in favor of any agency other than the AAA or CCC shall be set off against any application whereunder there remains an amount not to be vouchered under the provisions of paragraphs 1 and 2 above, except that for 1940 and future agricultural conservation programs set-off of such debts may not be made against an application with respect to which an assignment is in effect.
4. Debts listed on form 351 which are to be set off in favor of the

AAA and/or the CCC shall be set off against any application(s) whereunder there remains an amount not to be vouchered or set off under the provisions of paragraphs 1, 2 and 3 above.

5. In cases where a set-off is made against any producer's payment (including the payment which would otherwise be payable to an assignee) such producer's payment (and the payment to the assignee, if necessary) shall be circled on the application and the remaining payment, if any, to the producer (and/or assignee, if any) shall be entered immediately above or beside such circled amount. In such cases a statement should be prepared (in duplicate) showing the manner in which the payments are to be scheduled to the creditor-agency, the applicant, and assignee(if any) and the amounts. Such statements shall be attached to the original and State office copies of the application.

SECTION III. METHOD OF MAKING SET-OFFS

A. Where set-off is being made in favor of the AAA 5/, the CCC, the FSA, the FCA, other USDA agency, or two or more of such agencies but no set-off is made in favor of an independent agency;

1. The amounts due all applicants, assignees, and the Treasurer of the U. S. shall be vouchered on the continuation sheet prescribed for use in connection with the program. The continuation sheet shall be prepared in quintuple (original and four copies).
2. The public voucher form and the schedule of disbursements prescribed for use in connection with the program shall be prepared in accordance with the procedure set forth in section IV hereof.
3. The schedule of voucher deductions, form 1096, shall be

5/ If the set-off is being made because of failure to return a properly executed Form CAP-3 with respect to a payment under the 1935 CAP Program, the set-off shall be made in accordance with the provisions of this subsection A with the exceptions outlined in section III, Part II of SRC-103, Revised. If the set-off is being made in favor of the Cotton Pool Account the set-off shall be made in accordance with the provisions of this subsection A with the following exceptions:

1. Schedule these set-offs on a separate form 1096.
2. The "DO Symbol No." to be entered at the top of the form is "89-765", which is Mr. G. F. Allen's Washington collection symbol. (The collection symbol of the Regional Disbursing Officer is not to be shown.)
3. In addition, enter the following statement: "For deposit to the official credit of G. F. Allen, Washington, D. C. symbol number 89-756".

prepared in nomiple (original and eight copies),^{6/} with respect to the amount, if any, being set off in favor of the AAA.

4. Form 28 shall be prepared in quadruple (original and three copies)^{4/} in cases where the indebtedness arose as the result of an overpayment certified by the State office.
5. The forms prepared pursuant to this subsection A shall be distributed as follows:
 - (a) The voucher continuation sheet(s), public voucher, and the schedule of disbursements shall be distributed in accordance with the regular procedure for the particular program.
 - (b) Form 28 shall be distributed as follows:
 - (1) One copy shall be filed with the file copy of the application whereunder the set-off is being made.
 - (2) One copy shall be filed with the file copy of the application (or computation schedule) whereunder the overpayment was made.
 - (3) The remaining copies shall be filed in a suspense file pending return of an accomplished copy of form 1096 from the DO.

6/ If the set-off is being made:

- (1) As a result of failure to return Form CAP-3, an additional copy of form 1096 shall be prepared for the Director.
- (2) In liquidation of a debt resulting from an over-payment made in Washington by the AAA, which will be reported on form C-1110, or Supplement A, thereto, an additional copy shall be prepared and marked "For Comptroller, AAA".
- (3) As a result of failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938, two additional copies of Form 1096 shall be prepared and forwarded to the person in charge of marketing quotas in the State office and if the penalty involved arose in connection with the 1938-1939 marketing year another additional copy of form 1096 shall be prepared and marked "For Comptroller, AAA."
- (4) In liquidation of a debt arising out of an overpayment certified by another State office of the AAA, an additional copy of form 1096 shall be prepared and at the time an accomplished copy of form 1096 is returned to the State office by the DO, the information appearing in the lower portion thereof shall be transcribed on the additional copy, which will be forwarded to the appropriate State office, if within the Southern Region. If the overpaying State office is not within the Southern Region, the extra copy shall be forwarded to the Director, together with a letter of transmittal, giving the name of the State office by which the overpayment was made.

(c) Form 1096 shall be distributed as follows:

- (1) The original and four copies (including the copy stamped "Forward to Control Accounts and Reports etc.") shall be forwarded to the preaudit office with the related application(s).
- (2) Four copies shall be placed in a suspense file. Upon return of a copy of the schedule of disbursements from the preaudit office, make the necessary corrections, if any, on the State office copies and transmit one copy to the Accounting and Bookkeeping Division, GAO, Washington, D. C., and one copy to the Division of Bookkeeping and Warrants, Treasury Department, Washington, D. C.
- (3) At the time an accomplished copy of form 1096 is returned by the DO, transcribe the information appearing on the lower part of the form to the two remaining file copies and forward one to the Office of Budget and Finance, Department of Agriculture, Washington, D. C., and file the remaining copy in the Clearance Unit. 7/
- (4) One copy of form 1096, if any, will be returned by the DO and shall be used as a posting medium in correcting the register and shall then be forwarded to the State Accountant, together with one copy of form 28, if any, contained in the suspense file. If the overpayment occurred under a program involving county association expense deductions, an additional copy of form 28 will have been prepared and will show the necessary adjustment in the county association expense deduction. Such copy shall be forwarded to the Control Accounts and Reports Section, AAA, Old P.O. Building, Washington, D.C.

7/ If the set-off is being made because of failure to return the Form CAP-3 properly executed, one copy of form 1096 shall be forwarded to the Director. If the set-off is being made in liquidation of a debt resulting from an overpayment made in Washington by the AAA, the copy of form 1096 marked "For Comptroller, AAA" shall be forwarded to the office of the Comptroller, AAA, Old P.O. Building, Washington, D. C. If the set-off is being made as a result of failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938, the two extra copies of form 1096 (and the copy marked "For Comptroller, AAA", if the penalty arose in connection with the 1938-1939 marketing year) shall be forwarded to the marketing quota section in the State office.

B. Where Set-Off is to be Made in Favor of Independent Agencies.

1. The amounts payable to applicant not indebted to independent agencies and the assignees of such applicants, shall be vouchered and scheduled for payment on the applicable continuation sheet, public voucher and schedule of disbursements in accordance with regular vouchering and scheduling procedure prescribed for the particular program, or, if any such applicant is indebted to the AAA, the CCC, the FSA, the FCA, or to other USDA agencies, in accordance with the applicable set-off procedure provided herein. (If the debtor-applicant is the sole applicant having an interest in the application, the provisions of this paragraph 1 are inapplicable.)
2. Enter on the related application in a conspicuous manner near the entry showing the net payment accruing to the debtor-applicant, the notation "See ACP-25, Bureau Voucher No. ", and the bureau voucher number assigned to Form ACP-25 pursuant to paragraph 4, subsection E, section IV hereof.
3. The amount accruing to the debtor-applicant under each application against which a set-off is being made shall be vouchered on a separate form 25 prepared in septuple (original and six copies). If two or more applicants on an application are indebted to one or more independent agencies, prepare a separate form 25 for each indebted applicant.
4. If under any application, in connection with which a set-off is made from the payment computed for the debtor-applicant, payment has been computed for any person other than the debtor-applicant or his assignee, forms 26 and 27 shall be prepared with respect to such payment.
5. Form AD-42 shall be prepared in octuple (original and seven copies) in accordance with paragraph 2, subsection H, section IV hereof.
6. The Clearance Unit shall file two copies of form 25 and one copy of forms 26 and 27, if applicable, with the file copy of the application. One copy of form 25 shall be forwarded to the State Accountant. The regular number of copies of the voucher continuation sheet, public voucher and schedule of disbursements, if applicable, together with the original and two copies of form 25, the original and one copy of forms 26 and 27, if applicable, and the original and six copies of Form AD-42 shall be forwarded to the preaudit office. The preaudit office will return one copy of form 25 and one copy of the schedule of disbursements, if applicable. Upon return of one copy of form 25 from the preaudit office, forward one copy of form 25 to the Control Accounts and Reports Section, AAA, Washington, D. C. A copy of Form AD-42 will be forwarded to the State office by the Southern Division, which shall be filed with the file copy of the application. In the event of inquiry, reply may be made that the case was referred

to the Claims Division, GAO, under the date appearing on Form AD-42. Two copies of form 367 will be forwarded to the State office by the Southern Division as soon as possible after settlement is made. The Clearance Unit shall forward one copy of form 367 to the State Accountant, who, after making any necessary corrections in his records, shall return such copy to the Clearance Unit. The remaining copy of form 367 shall be forwarded to the appropriate county office.

7. If the set-off is made pursuant to the request of the debtor-applicant on form 372, such request should not be attached to the related application, when forwarded to the preaudit office, but should be returned to the county office. In such cases a statement shall be prepared for the scheduling unit and shall accompany the case to the preaudit office.
8. If under the program deductions for county association expenses are to be made, notice of such deduction shall be forwarded to the debtor-applicant as follows:
 - (a) If the amount of payment allowable for set-off exceeds the amount owed, the notice of county association expense deductions shall be prepared by the Clearance Unit, showing the State and county code numbers and the deduction rate under the program for the county in which the application originated and shall be attached to form 25 when forwarded to the preaudit office.
 - (b) If the amount of indebtedness equals or exceeds the amount of the payment allowable for set-off, the notice of county association expense deduction shall be prepared and placed in a pending file. The notice should bear the following notation in the blank space below the deduction factor: "No check is delivered herewith since your payment in the amount of \$ has been applied on your indebtedness to (creditor-agency)". 8/ Upon receipt of form 367 the notice shall be forwarded to the debtor-applicant.
- C. Where a Set-Off is to be Made in Favor of an Independent Agency, and the AAA, the CCC, the FSA, the FCA, or other USDA agencies.
 1. The procedure outlined in subsection B of this section III is applicable.
 2. If the debt arises as the result of an overpayment, certified by the State office, form 28 shall be prepared. 4/
- D. Where Set-Off is to be Made in Favor of the CCC, the FSA, the FCA, or other USDA agencies.
 1. Set-offs in favor of the CCC, the FSA, the FCA, or other USDA agencies shall be accomplished by voucherizing a payment in

8/ See applicable instructions, SRM-238, etc.

favor of the Treas. U. S., in care of 9/
the creditor-agency, in the amount to be set off. Such amounts
shall be certified for payment on the voucher whereon the
debtor-applicant's application is certified for payment.

SECTION IV. PREPARATION OF FORMS NECESSARY IN MAKING SET-OFFS.

A. The Continuation Sheet Prescribed for Use under the Particular Program
Shall be Prepared as Follows:

1. The entries in the heading of the form shall be made in the manner prescribed in the regular vouchering procedure. Payments for applicants who are not indebted, and the assignees of such applicants shall be vouchered in accordance with the regular vouchering procedure and any amount accruing to the debtor-applicant shall be vouchered in accordance with the regular vouchering procedure, except that:
 - (a) An additional column shall be designated to the left of the payment column and "Form 1096" shall be entered as the heading of such column.
 - (b) The entry to be made in the amount column opposite the name of the debtor-applicant shall be the amount, if any, determined pursuant to subsection C of section II hereof, to be payable to him under the application.
 - (c) If the debtor-applicant is indebted to the AAA for a crop insurance premium advance or a grant of aid, the amount to be set off shall be entered in the column entitled "Form 1096" on the same line as the payment to the applicant. Such amounts shall be properly identified by asterisk and footnote, such as "1940 CIP Adv.", or "1939 Grant of Aid". The words "Treas., U. S." and a reference to the name of the debtor and form under which the indebtedness arose shall not be entered beneath the name of the applicant.
 - (d) If the debtor-applicant is indebted to the AAA, as a result of an overpayment, on the next succeeding line
 - (1) In the column entitled "Application serial number" enter the serial number of the application under which the set-off is being made.
 - (2) In the column entitled "Name and address of payee" enter the words "Treas., U.S." followed by the symbol

9/ The regional addresses of such creditor-agencies will be furnished by the Director.

and title of the appropriation to be credited 10/ and the name of the debtor-applicant. Enter a description of the application or contract under which the indebtedness arose followed by the DO voucher number of the voucher under which the over-payment was made and the name of the Disbursing Officer.

(3) In the column entitled "Form 1096" enter the amount being applied, under the application, toward liquidation of the indebtedness.

(e) If the debtor-applicant is indebted to the AAA as a result of failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938,

(1) A check shall be made with the marketing quota section to determine the correct amount of the producer's indebtedness.

(2) In the column entitled "Application serial number" enter the serial number of the application in connection with which the set-off is being made.

(3) In the column entitled "Name and address of payee" enter the words "Treas., U.S." followed by the symbol and title of the fund to be credited and the name of the debtor applicant.

(4) In the column entitled "Form 1096" enter the amount being applied, under the application, toward liquidation of the indebtedness.

(f) If the debtor-applicant is indebted to the CCC, the FSA, the FCA, or to other USDA agencies, and if a set-off is to be made in liquidation of such debt, on the next succeeding line,

(1) In the column entitled "Application serial number" enter the serial number of the application under which the set-off is being made.

(2) In the column entitled "Name and address of payee" enter the words "Treas., U.S., c/o" followed by the name and address of the creditor-agency. Immediately below the name and address of the creditor-agency, enter the words "Indebtedness of name of

10/ If the set-off is being made because of failure to return properly executed Forms CAP-3, the fund to be credited shall be "128532, Deposits of Undistributed Cotton Price Adjustment Payments". In all other cases the fund to be credited shall be taken from the register.

debtor-applicant)" followed by any identifying symbols or numbers furnished by the creditor-agency.
(If no identifying symbol or number is shown, the address of the debtor-applicant, as shown on the application, shall be entered following his name).

a. In cases where payments are certified to the Treas., U. S. in care of the CCC, the continuation sheet shall show the address of the CCC as Washington, D.C. unless the request for set-off bears a notation as to the place the check is to be forwarded. If the check is to be forwarded to the CCC at any address other than Washington, D.C., the words "Symbol 13-980" shall be entered on the continuation sheet immediately following the words "Treas., U.S."

(3) In the column entitled "Payment" enter the amount being applied under the application toward liquidation of the indebtedness.

(g) If under the application there is an amount payable to an assignee of the debtor-applicant, such amount shall be vouchered for payment to such assignee in accordance with the applicable regular vouchering procedure.

(h) After all cases in the lot have been listed on the voucher continuation sheet, there shall be listed beneath the name of the last payee the words "Treas., U. S.".

Opposite these words in the payment column shall be entered the total of all amounts listed in the "Form 1096" column and to the left of this total shall be entered the schedule number of the form 1096 on which the set-offs will be scheduled. The total for the payment column shall include the total of the set-offs. Cases involving set-offs which are to be credited to a trust fund or to the General Fund of the Treasury require a separate set of form 1096. Accordingly, if set-offs which are to be credited to one or more appropriations and set-offs which are to be credited to a trust fund or to the General Fund of the Treasury are listed on the same voucher continuation sheet, separate totals should be entered at the bottom of the voucher continuation sheet for the amounts which are to be credited to the appropriations and the amounts which are to be credited to a trust fund or to the General Fund of the Treasury. To the left of each of such totals should be entered the schedule number of the form 1096 on which such amount will be scheduled and the words "Treas., U. S.".

B. The Public Voucher Prescribed for Use under the Program Shall be Prepared in Accordance with the Applicable Regular Vouchering Procedure, Except That:

1. The total number of payees (including applicants, assignees, check(s)

drawn payable to the Treas., U. S., in care of a creditor-agency and the check 11/ drawn payable to the Treas., U.S. pursuant to form 1096) followed by the word "Payee(s)" shall be entered after the words "To: Persons named on attached continuation sheet (payees)". 12/

2. The word and symbol "Payees \$" followed by the amount of payments approved for applicants and assignees, and amounts set off by issuance of checks to the Treas., U.S., in care of the creditor-agencies, covered by the voucher, shall be entered in the lower left corner of the certificate of the certifying officer. Beneath this entry the abbreviation "Form 1096 \$" should be entered followed by the amount(s) being set off including amounts set off on form 1096. Beneath these entries, the word and symbol "Total \$" should be entered, followed by the sum of the two preceding entries. This total must agree with the amount entered in the certification block. 13/

C. Schedule of Disbursements.

1. The Schedule of Disbursements shall be prepared in accordance with regular scheduling procedure under the particular program.

D. Form 1096 Shall be Prepared as Follows:

1. (a) Where set-offs are listed on form 1096 in favor of Cotton Pool Accounts such form 1096 shall not include set-offs in favor of any other fund or appropriation.
(b) Where set-offs are listed on form 1096 for failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938, such form 1096 shall not include set-offs in favor of any other fund or appropriation.

11/ The Treasurer of the United States shall be counted as one payee regardless of the number of deductions scheduled on the schedule of voucher deductions, except that each check to be drawn payable to the Treas., U.S. in care of a creditor-agency shall be counted as a payee.

12/ If the amount being set off equals the total payment accruing to the debtor-applicant and the only check(s) to be drawn under the voucher will be drawn payable to the Treas., U.S., the name of the debtor-applicant, followed by the words "Check(s) to be drawn to the Treas., U.S., account indebtedness to U.S." shall be entered in lieu of this information.

13/ The entries shall appear as follows:

Payees-----	\$ -----
Form 1096-----	\$ -----
Total-----	\$ -----

(c) Set-offs being made in liquidation of indebtedness to the AAA other than those in (a) and (b) above may be listed on one form 1096 provided sufficient additional copies are prepared to furnish the State Accountant a separate copy for each appropriation with respect to which records are maintained by the State Accountant.

2. Enter the schedule number in the upper right corner beginning with the series adopted at the beginning of the current fiscal year and continuing thereafter in numerical sequence until the close of the current fiscal year.
3. Enter below the schedule number the sheet number and the total number of sheets comprising the schedule.
4. Enter the date the schedule is prepared below the sheet number.
5. Enter above the words "Department or Establishment" the word "Agriculture".
6. Enter above the words "Bureau or Office" the words "AAA, followed by the name of the State office".
7. Enter "G. F. Allen, Chief Disbursing Officer", followed by the name of the city and State in which the DO is located after the words "Made by".
8. Enter after the word "Period" the month and year during which it is expected that the schedule will be taken up by the DO.
9. The "DO Symbol No." shall be the number furnished by the DO for use in connection with the program with respect to which the application for payment, against which the set-off is being made, was filed.
10. Make no entry in the column entitled "Do Voucher Number".
11. On the first line in the column entitled "Bureau or Office Voucher Number", enter the administrative number of the related public voucher.
12. The symbol and title of each appropriation which is to be credited shall be entered in the column headed "Appropriation and/or Fund to be Credited" and the total amount to be credited to such appropriation shall be entered in the column headed "Amount of Deduction". The words "Treas., U.S." need no longer be entered on form 1096.
 - (a) If an appropriation is being credited because of set-offs for crop insurance premium advances or grant of aid, a reference, such as "1940 CIP Adv." or "1939 Grants of Aid" shall be entered beneath the symbol and title of the appropriation. In those cases where an appropriation is to be credited because of set-offs for more than one of the items, crop insurance premium advances, grants of aid, and

overpayments, an identification of each of such items, together with a total of the set-offs for each of such items, shall be entered beneath the symbol and title of the appropriation. The total of the set-offs for all of such items shall be entered in the column headed "Amount of Deduction".

- (b) If a price adjustment or parity payment program appropriation is to be credited, the name of the commodity with respect to which the overpayment was made shall be entered beneath the symbol and title of the appropriation.
- (c) If a price adjustment or parity payment program appropriation is to be credited because of overpayments with respect to more than one commodity, the name of each commodity and the total of the set-offs for each commodity shall be entered beneath the symbol and title of the appropriation. The total of the set-offs for all of such commodities shall be entered in the column headed "Amount of Deduction".
- (d) If an appropriation is to be credited because of set-offs for overpayments under commodity contracts the name of the person overpaid, an identification of the program and contract under which the overpayment was made, and the amount of the set-off must be shown for each case under the symbol and title of the appropriation to be credited. The total of the set-offs for all of such overpayments shall be entered in the column headed "Amount of Deduction". No reference to the name of the Disbursing Officer or the DO voucher number of the voucher under which the overpayment was made shall be entered.
- (e) If a set-off is being made as a result of failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938, the name of the debtor-applicant, an identification of the State and county code and farm serial number under which the penalty was incurred, the commodity and the marketing year, and the amount of the set-off must be shown for each case under the symbol and title of the fund to be credited.

13. Total the amounts appearing in the column entitled "Amount of Deduction" and enter such total only on the last sheet.
14. In the space above the heading of the third copy, stamp or type, "Forward to Control Accounts and Reports Section, AAA, Washington, D. C."
15. A certifying officer should sign the original in the space provided for the signature of the approving officer, and all copies should bear the typed name or facsimile signature of such officer.
16. Since the total amount to be credited to each appropriation must be indicated on form 1096 it may be advisable to prepare a sepa-

rate set of form 1096 for each voucher if more than one appropriation is to be credited. If set-offs for more than one voucher are listed on the same form 1096, the symbol and title of each appropriation to be credited shall be entered once and the various amounts to be credited to such appropriation for all vouchers shall be listed and properly identified beneath the symbol and title of the appropriation. The total of the amounts to be credited to the appropriation for all vouchers shall be entered in the column headed "Amount of Deduction". For each voucher the bureau voucher number shall be entered in the appropriate column opposite the first set-off item for the voucher. Set-offs which are to be credited to a trust fund or the General Fund of the Treasury must be entered on a separate set of form 1096 and cannot be included in the same form 1096 with other types of set-offs.

E. Form ACP-25 Shall be Prepared in Septuple (Original and Six Copies) as Follows:

1. A separate form 25 shall be prepared with respect to each payment accruing to the debtor-applicant against which a set-off is to be made. Forms 26 and 27, if applicable, shall be prepared for each such application whereunder persons other than the debtor-applicant are entitled to payment.
2. If the application against which the set-off is being made was filed on any application form other than an agricultural conservation application form, delete the words "Agricultural Conservation" where they appear in the form title and enter the words or phrase which is descriptive of the program; e.g., "1939 Sugarcane", "1939 Cotton Price Adj.", "1939 Wheat Price Adj.", etc.
3. Delete the appropriation symbol and title printed on the form and type or stamp immediately above the form title the correct symbol and title of the chargeable appropriation.
4. Enter the bureau voucher number in the upper right corner. A separate series of voucher numbers for each program shall be established for form 25, beginning with the number 1 and continuing thereafter in numerical sequence until the close of the particular program; e.g., "1 - 38 ACP", "1-38 S.C.", "1- 39 Wheat Price Adj.", "1 - 39 Cotton Price Adj.".
5. Enter the name of the debtor-applicant after the word "Name".
6. Enter the name of the State after the word "Office" followed by the abbreviation "AAA".
7. Enter the address of the debtor-applicant after the word "Address".
8. Enter the name of the city in which the State office is located after the words "Prepared at".

9. Enter in the third line the State and county code and serial number of the application against which the set-off is being made.
10. Enter in column (1) the gross payment computed for the debtor-applicant and/or his assignee.
11. If a deduction is to be made for county association expenses, enter in the heading of column (2) the rate of deduction under the program for the county in which the application originated.
12. Obtain the amount being deducted for county association expenses and enter such amount in column (2).
 - (a) If under the application a deduction is being made for grants of aid, enter the amount of such deduction in column (2) below the entry representing the deduction for county association expenses and follow such amounts with an asterisk (*).
 - (1) In the lower left margin, following an asterisk (*) there shall be typed the words "Deduction for grant of aid".
13. Enter in column (3) the net amount payable to the debtor-applicant and/or his assignee, which shall be the difference between the total of the entries in column (2) and the entry in column (1).
14. If no deduction for county association expenses or grants of aid is to be made, make no entries in columns (1) or (2) and enter the net amount payable to the debtor-applicant and/or his assignee in column (3).
15. Make no entries in columns (4), (5), (6), or (7), nor in the space provided for showing the funds to be credited.
16. Enter the title of the certifying officer and the date the form 25 is prepared.

F. Form 26.

If under the application a payment has been computed for persons (other than the assignee of the debtor-applicant) who are not indebted, form 26 shall be prepared in the manner outlined below:

1. Form 26 shall be prepared in triplicate (original and two copies) as follows:
 - (a) Leave the "DO You. No." blank.
 - (b) Enter the "Bureau Voucher No." which shall be the same as the "Administrative No." assigned to the related public voucher on which the payment accruing to persons interested in the application, who are not indebted, are vouchered.
 - (c) In the line beneath the Bureau Voucher Number enter the State and county code and serial number of the related application.

(d) In the space following the words "Receipt in Lieu of Form" enter the form number of the related application. If the application was made on any application form other than an agricultural conservation program application form, delete the words "Agricultural Conservation" and enter the name of the applicable program in lieu thereof.

(e) On the line above the word "Station" enter the name of the city and State wherein the preaudit office is located.

(f) On the line above the words "Name of debtor-payee" write the name of the debtor-applicant. If more than one applicant is indebted, enter the name of each.

(g) If the application against which the set-off is being made is not an agricultural conservation program application delete the words "Agricultural Conservation" from the first paragraph.

(h) Following the dollar symbol enter the amount(s) computed for the applicant(s) whose name(s) appears on the line above.

(i) Enter below the printed matter the names of the other applicants who are not indebted and the net amounts due each. If any of such applicants have executed assignments, also enter the name of each such assignee, followed by the word "assignee", and the amount payable to each such assignee.

2. Form 27 shall be prepared in triplicate, (original and two copies) as follows:

(a) Leave the "DO Voucher No." blank.

(b) Enter the "Bureau Voucher No." which shall be the same as the "Administrative No." assigned to the related public voucher on which the payment accruing to persons interested in the application, who are not indebted, are vouchered.

(c) After the words "Facing Sheet for Form ____" enter the form number of the application involved. If the application against which the set-off is being made is not an agricultural conservation program application, delete "Agricultural Conservation" from the title of the form and enter the name of the applicable program.

(d) The "Symbol No." to be entered in the space provided shall be the symbol number furnished by the DO.

(e) On the line above the words "Location or Station" enter the name of the city and State in which the DO is located, and above the words "Month and year of account" enter the month and year during which it is expected that the item will be taken up by the DO.

- (f) On the line above the words "Name of debtor-payee" enter the name(s) of the debtor-applicant(s).
- (g) If the application against which the set-off is being made is an application other than an agricultural conservation program application, delete the words "Agricultural Conservation" from the first paragraph.
- (h) Following the dollar symbol enter the net payment(s) computed for the debtor-applicant(s). If more than one person is indebted, the amounts shall be shown in the same sequence as that in which the names appear.
- (i) On the lines following the words "Such apparent indebtedness arises out of a loan from", enter the name of the creditor-agency. If more than one person is indebted, the creditor-agencies shall be shown in the same sequence as that in which the names appear. If the debtor-applicant is indebted to more than one agency, the names of the creditor-agencies shall be listed in the order in which the debts are to be liquidated.
- (j) There shall be entered below the printed matter the names of other applicants who are not indebted and the amounts due each. If any of such applicants have executed assignments, enter the name of each assignee, followed by the word "Assignee" and the amount payable to each such assignee. (This may be entered on forms 26 and 27 in a single operation.)

G. Form 28.

If a set-off is being made in liquidation of an indebtedness arising out of a payment certified by the State office, form 28 shall be prepared as follows: (Two sets of form 28 shall be prepared if the adjustment requires an increased deduction with respect to the appropriation charged by a form 1097 and a decreased deduction with respect to the appropriation credited.)

1. Enter the applicant's name in the space provided.
 - (a) If the estate of the predecessor of the applicant is indebted, enter the name of the deceased debtor on the line entitled "Applicant's Name".
2. Following the words "Nature of Remittance" enter "Set-Off Against Payment Accruing under Form _____ No. _____", showing the form number and the State and county code and application serial number(s).
3. In the space above the words "State and County Code No." enter a notation as follows: "Overpaid application (Form No.)" and enter the State and county code and serial number of the application whereunder the overpayment was made.
4. Enter the amount of the deduction after the symbol "\$".

5. In the space beneath the words "Action Taken" enter a statement showing:
 - (a) That the applicant, or the estate of his predecessor, is indebted by reason of an overpayment, indicating the program whereunder the overpayment was made.
 - (b) The symbol and title of the appropriation to be credited, i.e., the appropriation from which the overpayment was made.
 - (c) The name of the Disbursing Officer by whom, and the DO voucher number whereunder, the overpayment was made.
 - (d) The administrative number of the continuation sheet on which the overpayment was vouchered.
6. If the set-off is being made in liquidation of an indebtedness arising out of an overpayment under a program with respect to which deductions were made for county association expenses, enter beneath the entry described in paragraph 5 above the appropriate notation described below.
 - (a) Where the entire indebtedness is liquidated by the set-off, enter the amount of administrative expense previously charged, the correct amount of deduction, and the adjustment which should be made. The entries should appear as follows:

Administrative expense previously charged.....\$ _____
Correct administrative expense.....\$ _____

Decrease deduction.....\$ _____
 - (b) Where the indebtedness is only partially liquidated by the set-off, the adjustment in the association expense deduction shall bear the same ratio to the amount previously overcharged as the amount of the set-off bears to the total indebtedness, e.g., if an applicant was overpaid in 1937 in the amount of \$100.00 and a set-off of \$50.00 is being made, the 1937 administrative expense account shall be reduced by fifty percent of the amount previously overcharged. In such case the notation on form 28 should appear as follows:

Administrative expense previously charged.....\$ _____
Correct administrative expense.....\$ _____

Amount overcharged.....\$ _____
Decrease deduction (% of amount overcharged), as set-off bears that ratio to indebtedness.....\$ _____
 - (c) If the balance of the indebtedness is collected at a later date, by set-off or otherwise, form 28 prepared at the time

the second collection is effected shall contain the following notation:

Adjust Administrative Expense Account:

Administrative expense previously charged.....	\$ _____
Correct administrative expense.....	\$ _____
Amount overcharged.....	\$ _____
Less amount deducted under Form _____ code and serial number _____	\$ _____
Decrease deduction.....	\$ _____

(d) If the second deduction or remittance does not liquidate the indebtedness, subsequent forms 28 shall set out a recapitulation of all prior collections, obtained by set-off or otherwise, as indicated in subparagraph (c) above.

H. Form AD-42

1. Two copies of Form AD-42 shall bear the name, title and initials of a certifying officer. The name, title or initials of such officer shall not appear on the original.
2. In cases wherein a set-off is being made in favor of an independent agency, (or in favor of an independent agency and the AAA, the CCC, the FSA, the FCA, or other USDA agencies) it will be necessary to set forth the priority of deductions on Form AD-42 for guidance of the Claims Division, GAO, making settlement. Form AD-42 shall be prepared as follows:
 - (a) The form shall not be dated.
 - (b) Enter the name and address of the debtor-applicant and the code and serial number of the related application after the words "The accompanying account of".
 - (c) Enter on the line "Amount Claimed _____" the amount appearing in column (3) of the related form 25.
 - (d) Enter after the words "Appropriation chargeable" the full symbol and title of the appropriation to be charged, which shall be the same as that appearing above the heading of form 25.
 - (e) Below the entry showing the chargeable appropriation there shall be entered the following statement:

"According to the records of the _____ State office, Southern Division, Agricultural Adjustment Administration, there is due the above-named applicant a net (phrase descriptive of program) payment in the amount of \$ (Amt. in column 3, form 25), and there is no reason why payment should not be made except as noted below."

(f) The succeeding paragraph(s) should be prepared similar to the applicable example(s) appearing below.

(1) If the debtor-applicant is indebted to an independent agency and the AAA, the paragraph relative to the AAA debt should be in the following general form:

a. According to the records of the (State) State office, Southern Division, AAA, the above-named applicant is indebted to the AAA in the amount of \$, such indebtedness arising out of an overpayment in that amount made under (phrase descriptive of program) application serially-numbered (State and county code and application serial number). The overpayment was made under DO Voucher No. , for the period of , by (name and location of Disbursing Officer). The fund to be credited is (full symbol and title of the appropriation from which the overpayment was made).

(2) If the debtor-applicant is indebted to an independent agency and the CCC, the FSA, the FCA, or other USDA agencies, the paragraph relative to the debt owed to the CCC, the FSA, the FCA, or other USDA agency, should be in the following general form:

a. The records of the (State) State office indicate that the above-named applicant is indebted to the (CCC, FSA, FCA, or other USDA agency) and it is requested that the amount of \$ (amount to be set off under the particular application in favor of the creditor-agency, as determined pursuant to the provisions of subsection C, section II hereof) be applied toward liquidation of the above-named applicant's indebtedness to (name of creditor-agency as above).

(3) The paragraph relative to the debtor-applicant's indebtedness to the independent agency should be in the following general form:

a. The records of the (State) State office indicate that the above-named applicant is indebted to (name of independent agency to which the debt is owed), and it is requested that the sum of \$ (amount to be set off under the particular application in favor of the independent agency to which the debt is owed, as determined pursuant to the provisions of subsection C, section II hereof) be applied toward liquidation of the above-named applicant's indebtedness to (name of creditor-agency as above).

(4) If an amount is to be set off in favor of the CCC, the FSA, the FCA, or other USDA agency pursuant to form 372, or if the set-off in favor of the independent agency is being made pursuant to form 372, the paragraph relative to such set-off should be prepared similar to the applicable example set forth in subparagraph 2, (f), (2) or subparagraph 2, (f), (3) of this subsection H, section IV.

a. If the amount being set off pursuant to form 372 is less than the amount shown on form 372, the paragraph should direct that any amount not required to liquidate a debt of greater preference should be paid to the agency in favor of which form 372 was executed, not, however, to exceed the amount shown on form 372 (the smaller amount if two are shown) and that any remaining amount be paid to the debtor-applicant.

(5) If an assignment was executed with respect to the debtor-applicant's payment under the application, and the amount assigned can be paid in full, the paragraph relative to such assignment should be prepared similar to the following example:

a. It is further requested that the sum of \$ amount assigned be paid to (name and address of assignee) as assignee of (name of debtor-applicant).

If the amount assigned cannot be paid in full, the paragraph relative to such assignment should direct that any amount not required to liquidate the indebtedness of the debtor-applicant to any of the agencies of the United States referred to above, should be paid to the assignee, the total payment to such assignee, not, however, to exceed \$ amount assigned, and any remaining amount should be paid to the debtor-applicant.

I. Reports Prepared Pursuant to Subsection I, Section I Hereof.

1. Two copies of all correspondence prepared for the signature of the Acting Director of Finance shall bear the name, title, and initials of the certifying officer. The name, title or initials of such officer shall not appear on the original.
2. Form AD-42, prepared pursuant to subparagraph (a), (1), paragraph 2, subsection I, of section I, hereof, shall be prepared similar

to the example appearing below:

AD-42

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF BUDGET AND FINANCE
WASHINGTON, D. C.

Date (Blank)

Chief, Claims Division
General Accounting Office.

Dear Sir:

The accompanying account of James Y. Bell, 204 North St., Sasakwa, Oklahoma, application No. 73-009-1189.

has received administrative examination in this department and is transmitted to you for settlement.

Amount claimed	\$ (Amt. of Check)
Differences explained below	\$
Approved for	\$

Appropriation chargeable: (Full symbol and title of appropriation against which the check was drawn).

According to the records of the _____ State office, Southern Division, Agricultural Adjustment Administration, James Y. Bell, is entitled to the proceeds of check number _____, drawn _____ (Date) _____, for \$ _____, by G. F. Allen, symbol No. _____, D.O. Voucher No. _____, except for his apparent indebtedness to (name of creditor-agency) The Division of Disbursements, Treasury Department, has been requested to forward the subject check to the General Accounting Office.

James Y. Bell ^{14/} is indebted to the Agricultural Adjustment Administration in the amount of \$20.00, by reason of an overpayment made to him under (program), (State and county code and application serial numbers). The overpayment was made under DO Voucher No. _____, for the period of _____, by (name and location of disbursing officer). The fund to be credited with any amount collected is the appropriation against which the overpayment was drawn, namely, (full symbol and title of appropriation to be credited).

^{14/} The second paragraph shall be included in the report only if the indebtedness resulted from an overpayment certified by the State office.

3. Two copies of all letters addressed to the Treasurer of the United States, prepared for the signature of the Acting Director of Finance, shall bear the name, title and initials of a certifying officer. The name, title or initials of such officer shall not appear on the original.
4. Letters to the Treasurer of the United States, prepared for the signature of the Acting Director of Finance, pursuant to subparagraph (a), paragraph 2, subsection I, of Section I, hereof, shall be prepared similar to the example appearing below.

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF BUDGET AND FINANCE
WASHINGTON, D. C.

Treasurer of the United States,
Accounting Division,
Washington, D. C.

Dear Sir:

Re:

This is in reply to your letter of (Date), relative to check number , dated , for \$, drawn by G. F. Allen, symbol No. , to the order of , payment of which was declined because of the alleged forged endorsement of the payee's name.

Examination of the records relative to the application in which the payee has an interest discloses the fact that an overpayment exists in the account. It is requested that the above-described check be forwarded to the Records Division, General Accounting Office, in order that proper settlement may be made. An administrative report relative to the account of this payee has been prepared and is being transmitted to the General Accounting Office.

Very truly yours,

Acting Director of Finance.

5. Letters addressed to the Treasurer of the United States, prepared for the signature of the Acting Director of Finance, pursuant to subparagraph (b), paragraph 2, subsection I of section I hereof shall be prepared similar to the applicable example appearing below.
 - (a) If the indebtedness arose as the result of an overpayment certified by the State office the letter shall be prepared as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF BUDGET AND FINANCE
WASHINGTON, D. C.

Treasurer of the United States,
Accounting Division,
Washington, D. C.

Dear Sir:

Re:

This is in reply to your letter of _____, relative to check numbered _____, dated _____, for \$ _____, drawn by G. F. Allen, symbol _____, to the order of _____, the amount of which has been recovered through the endorsers because of the forged endorsement of the payee's name. 15/

According to the records of the _____ State office, Southern Division, Agricultural Adjustment Administration, _____ is entitled to the proceeds of the above-described check except for his indebtedness to the Agricultural Adjustment Administration which arose as the result of an overpayment made to him under (program), (State and county code and application serial numbers). The overpayment was made under DO Voucher No. _____, for the period of _____ by (name and location of disbursing officer). The fund to be credited with any amount collected is (full symbol and title of the appropriation charged).

There appears no reason why payment should not be made to _____ in the amount of \$ (amt. by which check exceeds debt, if any), provided that (s)he has not received the proceeds of the original check.

Very truly yours,

Acting Director of Finance.

(b) If the overpayment was not certified by the State office, but is owed to the AAA as the result of an overpayment made in Washington by the AAA, the letter shall be prepared similar to the example appearing in subparagraph (a) above except that the second paragraph thereof shall be prepared in a manner describing the overpayment according to the information appearing on the register. Care should be taken to fully set forth the symbol and title of the fund to be credited. The third paragraph of the example appearing in subparagraph (a) above shall be included, if applicable.

15/ If the check was lost or destroyed the appropriate statement of fact should be substituted.

(c) If the debt is owed to the CCC, the FSA, the FCA, other USDA agency, or to an independent agency, the letter should be prepared in accordance with the example appearing in subparagraph (a) above, except that the second paragraph should set forth the name of the creditor-agency and the amount of the indebtedness, and should include any other information furnished by the creditor-agency. The third paragraph of the example appearing in subparagraph (a) above should be included, if applicable.

SECTION V. OVERPAYMENT UNDER AN AGRICULTURAL CONSERVATION PROGRAM IN THE CASE OF A PRODUCER WHO ASSIGNED HIS PAYMENT.

A. Introductory.

The procedure outlined herein is to be followed in handling cases where it is determined that the payment accruing to a producer under an agricultural or range conservation application is in excess of the amount due and all or a part of such payment has been made to an assignee.

B. Determination of the Amount of Overpayment.

The amount of the overpayment shall be determined on an adjustment application. The amount of the assignment on the adjustment application must be made the same as the amount shown on the original application (unless the amount assigned as shown on the original application was in error) even though the assignee has received and negotiated a Treasury check issued pursuant to the assignment.

C. Where Overpayment is Discovered Prior to Delivery of the Affected Checks.

If the overpayment is discovered prior to delivery of the affected checks to the payees thereof, any check drawn in an amount in excess of the amount due shall be canceled and the case shall be handled in accordance with established procedure for adjustment applications.

D. Where Overpayment is Not Discovered Until After Affected Checks Have Been Delivered.

The following procedure shall apply in cases where the checks involved have been delivered.

1. If the overpayment is discovered before the affected checks are cashed by the Treasury, a stop order shall be placed against the check issued to the applicant and a stop order shall also be placed against the check issued to the assignee if the amount of the assignee's check exceeds the amount to which the assignee is entitled under the adjustment application. Thereafter the case shall be handled in accordance with existing procedure.
2. If the overpayment is not discovered before the affected checks are cashed by the Treasury:
 - (a) Where payments under an application were made to both the applicant and to an assignee and the amount of the over pay-

ment is not in excess of the amount paid to the applicant, a refund shall be required from the applicant only and no demand for refund shall be made upon the assignee. The applicant's name and amount of overpayment will be entered on the register of indebtedness in the usual manner.

- (b) Where payments under an application were made to both the applicant and the assignee and the amount of the overpayment is greater than the amount paid to the applicant, the name of the applicant shall be entered on the register of indebtedness for the full amount of the overpayment and the name of the assignee shall be entered on the register for the amount by which he was overpaid, i.e., the amount by which the payment made to the assignee exceeds the payment computed for the assignor under the adjustment application. The assignee shall not be required to refund any part of the amount paid to the applicant. This procedure will result in a duplicate entry with respect to a part of the amount overpaid. Cross reference shall be made on the register of indebtedness to the related entries of the names of the assignor and assignee.
- (c) If the full amount of the payment for the applicant was paid to the assignee, and it is subsequently determined that the payment actually earned by the assignor under the application was less than the amount paid to the assignee, a demand for refund shall be made upon both the applicant and the assignee. Both names shall be entered on the register of indebtedness for the amount of the overpayment with adequate cross references. If either the applicant or the assignee refunds all or a part of the amount owed, or if a set-off is made against a payment accruing to either, appropriate downward adjustments shall be made with respect to both entries on the register of indebtedness.
- (d) In each case coming within the provisions of paragraphs (b) and (c) above where the indebtedness is reduced, by set-off or otherwise, the amounts shown on the register of indebtedness for both the applicant and the assignee shall be reduced accordingly and the assignee's name removed from the register of indebtedness when the full amount shown opposite his name is recovered. The assignee shall be advised in cases where his name is removed from the register of indebtedness.
- (e) In cases where either the applicant or the assignee makes a refund in excess of the amount shown on the register of indebtedness for such person, the procedure outlined above shall apply and the amount refunded shall be deposited to the Regular Special Deposits Account. The correct amount of the refund shall be transferred to the appropriation charged and the remaining amount refunded to the remitter in accordance with existing procedure.

SECTION VI. ERRONEOUS SET-OFF IN FAVOR OF THE CCC, FSA, or FCA.

A. Introductory.

A set-off was erroneous if made:

1. In an amount greater than such applicant's indebtedness; or
2. Against the payment due an applicant who is not the debtor; or
3. In an amount greater than the payment due the applicant under his application for payment.

B. Where Set-Off was Effected by Means of the Check Method.

1. Where the set-off was made against the proper person but in an amount in excess of the amount of the indebtedness due at the time the creditor-agency received the check,
 - (a) The State office shall, upon receipt of notice of such erroneous set-off, advise the respective agency of the erroneous set-off and request that such agency issue a check to the applicant in the amount of the excess set-off. A copy of the letter from the applicant, if any, shall be forwarded to the creditor-agency.
2. Where the set-off was made against the wrong person or against the proper person in an amount greater than that due under the application for payment.
 - (a) The State office shall, upon receipt of notice of such erroneous set-off, advise the respective agency. The statement prepared by the State office shall contain the full symbol and title of the appropriation charged, the check number, the date of the check, the amount of the check, the DO symbol number, the DO voucher number of the voucher on which the set-off was listed, and the name and address of the applicant against whose payment the set-off was made. If the FSA is the agency in whose favor the erroneous set-off was made, it shall be requested to recredit the appropriation charged by means of form 1046. If the CCC or FCA is the agency in whose favor the erroneous set-off was made, such agency shall be requested to have a check drawn in favor of the Treasurer of the United States and forwarded to the State office. The original and one copy of this statement shall be sent to the appropriate regional office of the CCC, FSA, or FCA.
 - (1) Upon receipt of the statement in duplicate from the State office, the regional office of the FSA will prepare form 1046, and upon receipt of an accomplished copy of form 1046 from the DO, will forward two accomplished copies of such form to the State office. One copy of form 1046 shall be forwarded by the State office to the preaudit office with the adjustment case and the other copy shall be referred to the State Accountant.

(2) Upon receipt of the statement in duplicate from the State office the regional office of the FCA will have a check drawn in favor of the Treasurer of the United States for the account of the AAA and forward such check to the State office, if the amount of the set-off is being held in a suspense account or has been transferred to an appropriation still available for expenditure. When such check is received in the State office it shall be scheduled on form 1044 in accordance with existing procedure. One copy of form 1044 shall be forwarded by the State office to the preaudit office with the adjustment case. If the amount of the erroneous set-off in favor of the FCA has been transferred to an appropriation which is no longer available for expenditure, the Washington office of the FCA will be advised by their regional office. The Washington office of the FCA will then send a letter to the GAO requesting that the proper appropriation be credited with the amount of the erroneous set-off. A signed copy of the letter to the GAO will be forwarded to the State office in which the erroneous set-off was effected. The copy of such letter shall be forwarded by the State office to the preaudit office with the adjustment case, if any. After the proper appropriation is credited by the GAO, notice of such credit will be forwarded to the Southern Division to be referred to the State office for use by the State Accountant in correcting his records.

(3) Upon receipt of the statement in duplicate from the State office the regional office of the CCC will draw a check in favor of the Treasurer of the United States for the account of the AAA and forward such check to the State office. When such check is received it shall be scheduled on form 1044 in accordance with existing procedure. One copy of form 1044 will be forwarded by the State office to the preaudit office with the adjustment case.

3. Cases may arise which involve a combination of B, 1 and B, 2 above where a set-off is made against a proper person but in an amount in excess of that due him under his application and in an amount greater than his indebtedness. The creditor-agency upon receipt of the check determines that the amount of the check is in excess of the then indebtedness and transmits such excess to the debtor before being advised by the State office that the amount of the check was in error. In such event, the creditor-agency will not be able to return to the AAA the amount transmitted to the debtor but will return only that part of the amount they applied against the debt which is in excess of the amount due under the application. The balance of the overpayment shall be charged against the debtor on the State office register of indebtedness.

4. In all cases described above relating to the FCA it is essential that the State office advise the regional offices immediately (by wire, if necessary) upon becoming aware that a set-off may have been improper, subsequently advising them as to the details of the error or advising them that the set-off was proper. This is essential since the FCA regional offices hold the amounts of set-off checks in special deposit for a period of 30 days and then apply them to the proper appropriation, some of which may no longer be available for expenditure thus necessitating action by the GAO.

C. Where Erroneous Set-Off was Effectuated by Direct Settlement (Form 25) in Favor of the CCC or the FCA.

1. The creditor-agency shall be advised in the manner described in B,1 and B,2 above, except that the description of the Certificate of Settlement shall be given. The creditor-agency will then advise the GAO in order that proper adjustment may be made.

D. Where Erroneous Set-Off was Effectuated by Means of Form 1096 in Favor of the FSA.

1. Immediately upon the discovery of the erroneous set-off a letter should be addressed by the administrative officer to the Regional Director of the FSA advising him of the facts in the case.
2. Form 1097 should be executed and distributed in the same manner as that set forth in section VII for cases involving appropriations of the AAA, with the following exceptions:
 - (a) Two additional copies of form 1097 should be prepared and transmitted to the Director.
 - (b) The entry over the words "Bureau or Office" should be "Farm Security Administration".
 - (c) The space for the signature and title of the approving officer should be left blank since a representative of the FSA will sign the form.
 - (d) To the left of the space provided for the signature of the approving officer enter the word "Recommended", followed by the signature of a certifying officer, his title, and the letters "AAA". The original and two copies should be signed by the certifying officer and his name and title should be typed on all remaining copies.
 - (e) Upon receipt of a copy of form 1097 from the Director, approved by the FSA, the adjustment case, if any, shall be transmitted to the preaudit office accompanied by this copy of form 1097.

SECTION VII. APPROPRIATION OR FUND OF THE AAA ERRONEOUSLY CREDITED (FORM 1097 PROCEDURE)

A. Adjustment by Use of Form 1097.

1. Refund to the producer shall be accomplished by use of form 1097 in cases where

- (a) The amount ~~set-off~~ was credited to the wrong appropriation, or
- (b) The erroneous set-off was credited to the Trust Fund and Receipt Account established under the 1935 Cotton Price Adjustment Program or any other trust fund, or
- (c) Funds of the appropriation credited are no longer available in the field for disbursement.

B. It will not be necessary to withhold certification of an amount properly due a person until an accomplished copy of form 1097 has been received. When an appropriation of the AAA is to be credited, a copy of the form 1097, signed by the certifying officer, should be attached to the voucher prepared with respect to the adjustment case, if any, when it is transmitted for preaudit.

C. Preparation of Form 1097.

1. Fill in the heading as indicated.

- (a) The "Reference Number", preceded by "SR" and the State code number, should commence with one 16/ and continue thereafter in numerical sequence without regard to the appropriations to be charged or fiscal years.
- (b) Enter "Agriculture" in the space entitled "Department or Establishment".
- (c) Enter "AAA, followed by the name of the State office" above the words "Bureau or Office".
- (d) The date the form is prepared should be shown in the space provided therefor.
- (e) The name of the Disbursing Officer, the location of the DO involved, and the general collection symbol number of such office, 17/ should be entered in the designated spaces.

16/ If reference numbers have been assigned to forms 1097 previously prepared, begin with the next unassigned number in the series.

17/ Atlanta, Ga. - 891-810
New Orleans, La. - 891-819
Dallas, Texas - 891-814.

2. In the column headed "Reference" there should be set forth the Certificate of Deposit Number, and
 - (a) If a set-off was accomplished by means of 1096, the schedule number should be shown, as well as the DO voucher number of the voucher whereby the erroneous set-off was made.
 - (b) If a collection was scheduled on form 1044, the schedule number should be set forth.
3. In the column entitled "Period of Account" there should be entered the month and year in which the deposit was credited to the Treasurer of the United States. This information appears on the accomplished copy of the related form 1096 or form 1044.
4. The full symbols and titles of the appropriations to be charged and credited should be entered in the columns provided therefor.
5. The amount to be entered in the last column is the amount to be charged against one appropriation and credited to the other.
6. The explanation of the error which occurred and the reason an adjustment is necessary should be set out in detail and must be to the effect that the charge or credit was made through error, and not that it was made improperly. The name of the producer affected the DO voucher number of the voucher under which the indebtedness arose, and the name of the disbursing officer who made the disbursement shall be shown. 18/
7. The original and one copy should be signed by a certifying officer and his name and title should be typed on all remaining copies.

D. Distribution of Form 1097.

1. Form 1097 should be prepared in sextuple (original and five copies) except as noted otherwise in paragraphs 3 and 4 below, the original and four copies being forwarded to the Director for disposition. 19/
2. Enter on one copy of form 1097 the notation "Return to _____ State office", giving the address thereof. Another copy should be designated for transmission to "Control Accounts and Reports Section, AAA, Old P. O. Building, Washington, D. C.". Enter on the third copy the statement "Return to Mr. R. F. Croom, Southern Division, AAA, Old P.O. Building, Washington, D.C.", with notation of action taken.

18/ If a set-off in liquidation of an indebtedness to the AAA is in error for the reason that a set-off was previously made, the DO voucher number whereunder and the period of the account during which such set-off was made shall be included in the explanation.

19/ All copies of form 1097 should be clear and legible. Due to the number of copies required it is advisable to make two runs.

3. If a set-off was made in an erroneous amount for the purpose of liquidating a debt resulting from an overpayment made in Washington by the AAA which was reported on Form C-1110 or Supplement A thereto, an additional copy of form 1097 should be prepared and transmitted to the Director, bearing the legend "Forward to Office of Comptroller, AAA, Old P.O. Building, Washington, D. C.".
4. If the erroneous charge or credit was made in connection with the certification of payrolls, an extra copy should be prepared and referred to the Director bearing the notation "Forward to the Administrative Audit Section, AAA, Old P.O. Building, Washington, D.C.".
5. The accomplished copy which is transmitted to the State office by the Southern Division should be forwarded to the State Accountant after notation of the action taken has been entered on the copy retained in the State office files.

SECTION VIII. ERRONEOUS SET-OFF IN CONNECTION WITH A CROP INSURANCE PREMIUM ADVANCE OR AN OVERPAYMENT WITH RESPECT TO A PREVIOUS AGRICULTURAL PROGRAM (FORM 1047 PROCEDURE).

A. Adjustment by Use of Forms 1047 and 1048.

1. Refund to the producer may be accomplished by use of forms 1047 and 1048 where funds of the appropriation credited are available in the field for disbursement and where the erroneous set-off was made,
 - (a) Against the proper person but in an amount in excess of that person's indebtedness, or
 - (b) Against a person who is found not to be indebted.

Note: In all other cases adjustment will be made on form 1097 in accordance with procedure outlined in section VII hereof.

B. Preparation of Forms 1047 and 1048.

1. Prepare form 1047 in quintuple (original on form 1047 and four copies on form 1048) as follows:
 - (a) Enter on the first line in the upper right corner the serial number which shall be the next unassigned number in the series adopted at the beginning of the current fiscal year. The serial number shall be preceded by an identification of the program whereunder the overpayment was made the appropriation for which was credited with the erroneous set-off and the State and county code, i.e., "38-ACP-56-001-1", "39-ACP-56-001-1", etc. If form 1047 has been prepared against a price adjustment program appropriation, enter above the title of the form the name of the applicable commodity.
 - (b) Enter after the abbreviation "U.S." the words "Department of Agriculture, AAA _____, State Office".

- (c) Enter after the word "Location" the name of the city and State in which the State office is located.
- (d) Enter after the words "Appropriation or Fund" the symbol and title of the appropriation which was credited by the erroneous set-off. These data may be obtained from form 1096 which was prepared in connection with the erroneous set-off.
- (e) Enter after the word "To" the name of the payee.
- (f) Enter after the word "Address" the words "In Care of", followed by the name and address of the treasurer of the county agricultural conservation association.
- (g) Enter after the word "on" the date shown in the upper right corner of the form 1096 on which the set-off was scheduled. If more than one set-off was scheduled, enter the date of each form 1096.
- (h) Enter after the word "for" the words "Alleged Indebtedness".
- (i) Enter after the words "Amount of Deposit" the amount of the set-off scheduled on form 1096. If more than one set-off has been made, enter the total of such set-offs.
- (j) Enter after the words "Applied as explained in 'Remarks' below" the proper amount of the set-off.
- (k) Enter after the words "Balance authorized to be refunded" the amount to be returned to the payee.
- (l) Enter in the body of the form under the word "Remarks" a complete explanation of the manner in which the erroneous set-off was made. There should be included in such explanation the amount of the set-off, the name of the applicant, the State and county code and serial number of the application and the name of the program under which the erroneous set-off was made, the schedule number of form 1096, the certificate of deposit number of form 1096, and the date of deposit. If a deduction for county association expenses was made in connection with the program, the appropriation for which was credited with the erroneous set-off, reference should be made to the adjustment in association expenses. If the refund is to be made because of erroneous set-offs for more than one of the items, crop insurance premium advances, grants of aid, and overpayments, the amount of the refund for each of such items shall be shown separately in the body of form 1047. The following examples will indicate how the body of form 1047 should read:
 - (1) "A set-off in the amount of \$10.00 was made against the payment due John Doe under 1939 Agricultural Conservation Program application for

payment 56-001-325. This set-off was accomplished by Standard Form 1096, Schedule No. 39-ACP-2, Certificate of Deposit No. 1-154, dated January 5, 1940. It has been determined that Mr. Doe was not indebted and therefore a refund in the amount of \$10.00 is due him.

"Increase in association expense \$1.00"

(2) "Mr. John Doe received a 1939 crop insurance premium advance in the amount of \$25.00. Because of this indebtedness a set-off in the amount of \$17.00 was made from the 1939 wheat price adjustment payment due him under application 56-001-325 by means of form 1096, Schedule No. 39-PA-3, Certificate of Deposit No. 9-1016, dated January 5, 1940. A set-off of \$10.00 was made from the indemnity payment due under 1939 wheat crop insurance application 33-066-3T by means of form 1096, Schedule No. 273, Certificate of Deposit No. 9-1017, dated January 6, 1940, prepared by the branch office of the Federal Crop Insurance Corporation, Kansas City, Missouri. Since the amount of \$27.00 which was set off was \$2.00 in excess of the amount due, a refund in the amount of \$2.00 is due Mr. Doe".

- (m) Enter in the lower left corner the date the form is prepared.
- (n) Make no entries below the double line.
- (o) The certifying officer shall sign form 1047 and enter his title in the space provided therefor. The name and title of the certifying officer shall be typed on all copies of form 1048.

C. Forms 1047 prepared in accordance with this procedure shall be scheduled on the schedule of disbursements, Form ACP-22, form 1064, or Form S-3, whichever form was used in connection with the program the appropriation for which was credited with the erroneous set-off. Such forms shall be prepared in accordance with existing procedure. After such form has been prepared it shall be forwarded to the State Accountant to be stamped "Funds Available".

1. Forms 1047 and 1048 shall be distributed as follows:

(a) Forward form 1047 and two copies of form 1048 to the DO, together with the original and three copies of the schedule of disbursements. Forward one copy of form 1048 to the State Accountant and file the remaining copy of form 1048 in the Clearance Unit.

(b) When the DO has completed the action in connection with form 1047, one copy of form 1048 will be returned to

the State office. Upon receipt of the copy of form 1048 from the DO, forward such copy to the State Accountant.

D. The foregoing procedure will also be applicable in cases where the amount of a person's payment was erroneously reduced by means of a voucher reduction. Such cases may arise where the amount of a person's payment was reduced because of indebtedness arising from a grant of aid, or a crop insurance premium advance made from the appropriation under which payment was due the applicant. In such cases, reference should be made to the DO voucher number of the voucher under which the erroneous deduction was made, rather than to form 1096, Schedule of Voucher Deductions. The following example will indicate how the body of form 1047 should read in such case:

"Mr. John Doe received a 1940 crop insurance premium advance in the amount of \$15.00. Because of this indebtedness the amount of payment which was due Mr. Doe under 1940 Wheat Parity Payment Program application for payment 74-001-325 was reduced in the amount of \$15.00 by means of a voucher reduction in connection with the DO voucher 9-16400. It has been determined that the amount of the advance, \$15.00, was refunded by Mr. Doe and scheduled on form 1044, Schedule No. (_____), Certificate of Deposit No. 9-1465, dated _____. Therefore, a refund in the amount of \$15.00 is due him."

Form SRM-351 (Sample)
United States Department of Agriculture
Agricultural Adjustment Administration
Southern Division

Program: _____

PRIORITY OF SET-OFFS

State and county code and serial number(s) of application(s) _____.

Set-offs are to be made from the payment(s) computed under the above-indicated application(s) in the order shown below for _____

(name and address of debtor-applicant)

	A	B
1. Amount available for set-offs	XXXXX	
2. AAA set-off		
3. CCC set-off		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11. Payment to Debtor-Applicant	TOTAL	XXXXXXXX

Date _____

Claims and Remittance Clerk

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

SOUTHERN DIVISION

STATE OFFICE PROCEDURE FOR DEDUCTING AMOUNTS DUE THE UNITED STATES

(Applicable only where overpayment has been made under an agricultural conservation program in the case of a producer who assigned his payment.)

A. INTRODUCTORY

The procedure outlined herein is for the guidance of the State office in handling cases where it is determined that the payment accruing to a producer under an agricultural conservation or range conservation application is in excess of the amount due and all or a part of such payment has been made to an assignee.

B. DETERMINATION OF THE AMOUNT OF OVERPAYMENT

The amount of the overpayment shall be determined on an adjustment application. The amount of the assignment on the adjustment application must be made the same as the amount shown on the original application (unless the amount assigned as shown on the original application was in error) even though the assignee has received and negotiated a Treasury check issued pursuant to the assignment.

C. WHERE OVERPAYMENT IS DISCOVERED PRIOR TO DELIVERY OF THE AFFECTED CHECKS

If the overpayment is discovered prior to delivery of the affected checks to the payees thereof, any check drawn in an amount in excess of the amount due shall be canceled and the case shall be handled in accordance with established procedure for adjustment applications.

D. WHERE OVERPAYMENT IS NOT DISCOVERED UNTIL AFTER AFFECTED CHECKS HAVE BEEN DELIVERED

The following procedure shall apply in cases where the checks involved have been delivered.

1. If the overpayment is discovered before the affected checks are cashed by the Treasury, a stop order shall be placed against the check issued to the applicant and a stop order shall also be placed against the check issued to the assignee if the amount of the assignee's check exceeds the amount to which the assignee is entitled under the adjustment application. Thereafter the case shall be handled in accordance with existing procedure.



2. If the overpayment is not discovered before the affected checks are cashed by the Treasury:

(a) Where payments under an application were made to both the applicant and to an assignee and the amount of the overpayment is not in excess of the amount paid to the applicant, a refund shall be required from the applicant only and no demand for refund shall be made upon the assignee. The applicant's name and amount of overpayment will be entered on the register of indebtedness in the usual manner.

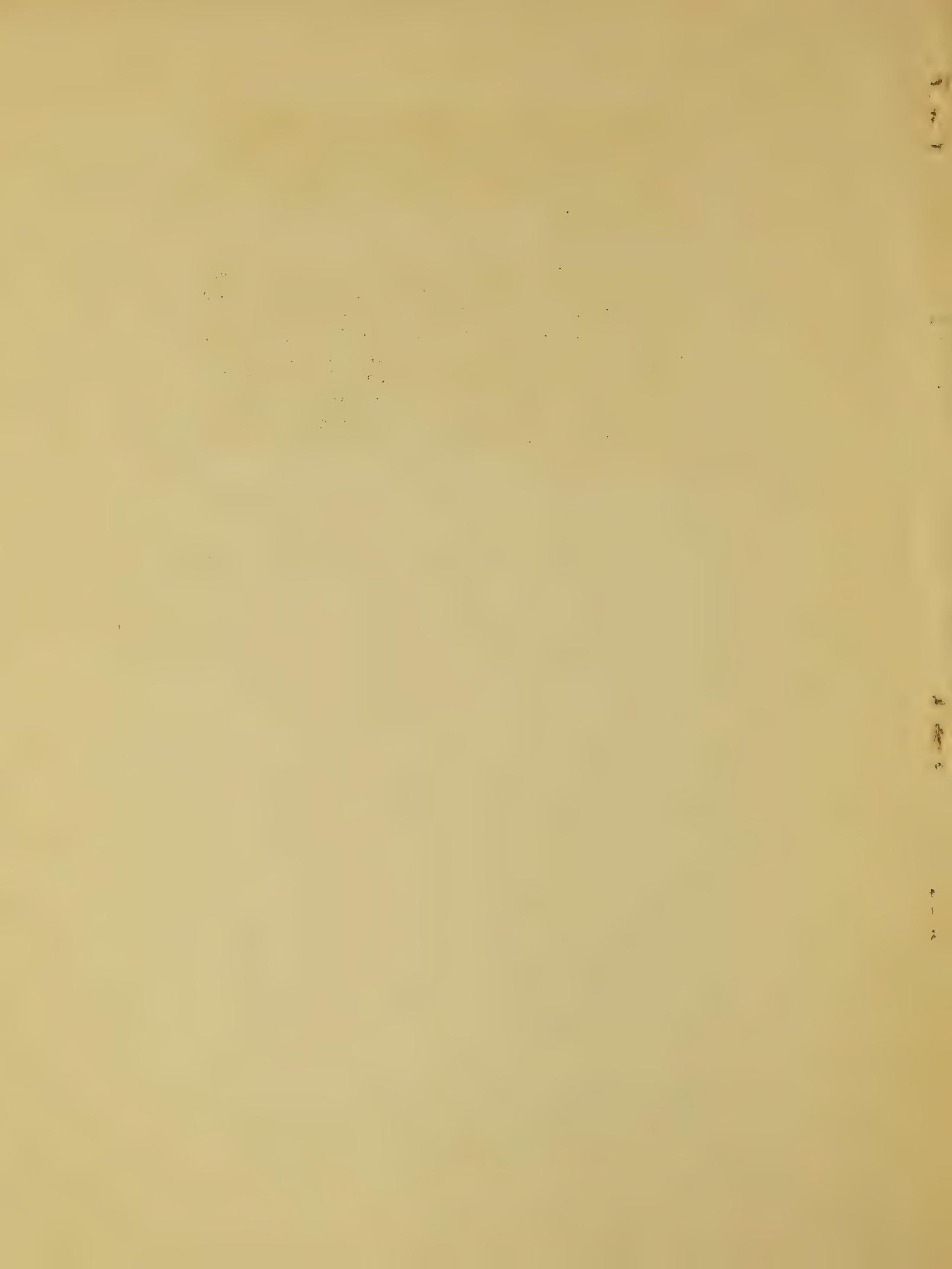
(b) Where payments under an application were made to both the applicant and the assignee and the amount of the overpayment is greater than the amount paid to the applicant, the name of the applicant shall be entered on the register of indebtedness for the full amount of the overpayment and the name of the assignee shall be entered on the register for the amount by which he was overpaid, i.e., the amount by which the payment made to the assignee exceeds the payment computed for the assignor under the adjustment application. The assignee shall not be required to refund any part of the amount paid to a duplicate entry with respect to a part of the amount overpaid. Cross reference shall be made on the register of indebtedness to the related entries of the names of the assignor and assignee.

(c) If the full amount of the payment for the applicant was paid to the assignee, and it is subsequently determined that the payment actually earned by the assignor under the application was less than the amount paid to the assignee, a demand for refund shall be made upon both the applicant and the assignee. Both names shall be entered on the register of indebtedness for the amount of the overpayment with adequate cross references. If either the applicant or the assignee refunds all or a part of the amount owed, or if a set-off is made against a payment accruing to either, appropriate downward adjustments shall be made with respect to both entries on the register of indebtedness.

(d) In each case coming within the provisions of paragraphs (b) and (c) above where the indebtedness is reduced, by set-off or otherwise, the amounts shown on the register of indebtedness for both the applicant and the assignee

shall be reduced accordingly and the assignee's name removed from the register of indebtedness when the full amount shown opposite his name is recovered. The assignee shall be advised in cases where his name is removed from the register of indebtedness.

(e) In cases where either the applicant or the assignee makes a refund in excess of the amount shown on the register of indebtedness for such person, the procedure outlined above shall apply and the amount refunded shall be deposited to the Special Deposits Account. The correct amount of the refund shall be transferred to the appropriation charged and the remaining amount refunded to the remitter in accordance with existing procedure.



MAY 21 1940

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

SOUTHERN DIVISION

STATE OFFICE PROCEDURE FOR SETTING OFF AMOUNTS DUE THE UNITED STATES

SPC-303 is hereby amended as follows:

I

A. Section I (page 3) is amended by the addition of a new subsection L as follows:

"L. Method of Filing Claim Against the Estate of a Deceased Person for an Indebtedness Due the AAA.

1. Where notice of the death of a person indebted to the AAA is received from a county office, the State office shall forward a request for payment of the indebtedness to the person indicated by the notice received from the county office as being in charge of the assets of the estate (unless it appears from such notice that the decedent did not leave an estate). Such request shall set forth:
 - (a) How the indebtedness arose. Where the indebtedness is due to an overpayment, the date of the checks whereunder the overpayment was made should be set forth.
 - (b) A request that payment of the indebtedness be made in the form of a check or money order drawn payable to the Treasurer of the U. S.
2. A copy of the request for payment shall be forwarded to the county office.
3. Pending payment of the indebtedness the State office shall set off the amount of the indebtedness against any payment thereafter accruing to the estate of the decedent or against any payment accruing to any person by reason of such person's succession in interest to the assets of the estate.
4. If it becomes apparent that settlement of the indebtedness cannot be effected by request for payment made to representatives of the estate and/or by set-off, and it appears that the estate of the decedent is sufficient to discharge a part or all of the debt, a full report of



the circumstances in the case should be made to the Director in order that consideration may be given to the desirability of taking further action against the estate of the decedent."

II

A. Item 2 of footnote 5, subsection A of section III (page 13) is amended to read as follows:

"2. The 'DO Symbol' number to be entered at the top of the form is '89-756', which is Mr. G. F. Allen's Washington collection symbol. (The collection symbol of the Regional Disbursing Officer is not to be shown.)"

III

A. Paragraph 9, subsection D, of section IV (page 22) is amended to read as follows:

"9. Enter the symbol number furnished by the DO for this purpose after the words 'DO Symbol No.'".

IV

A. Footnote 18 in paragraph 6, subsection C of section VII (page 41) is amended to read as follows:

"(a) If the set-off was erroneous because of receipt of a refund liquidating in whole or in part the amount of indebtedness, the explanation should include information concerning the period of the account during which the item was taken up by the DO and the number and date of the related Certificate of Deposit. If a set-off in liquidation of an indebtedness to the AAA is in error because a set-off was previously made, the explanation should include information concerning the period of the account during which and the DO voucher number whereunder the previous set-off was made."

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

SOUTHERN DIVISION

STATE OFFICE PROCEDURE FOR DEDUCTING AMOUNTS DUE THE UNITED STATES

(Applicable only where an erroneous set-off has been made in favor of the Farm Security Administration, Farm Credit Administration, or the Commodity Credit Corporation, or where an appropriation or fund of the Agricultural Adjustment Administration has been erroneously credited or charged.)

PART I. WHERE AN ERRONEOUS SET-OFF HAS BEEN MADE IN FAVOR OF THE
FARM SECURITY ADMINISTRATION, FARM CREDIT ADMINISTRATION,
OR THE COMMODITY CREDIT CORPORATION.

A. Introductory.

A set-off was erroneous if made:

1. In an amount greater than such applicant's indebtedness; or
2. Against the payment due an applicant who is not the debtor; or
3. In an amount greater than the payment due the applicant under his application for payment.

B. Where Set-Off Was Efectected by Means of the Check Method.

1. Where the set-off was made against the proper person but in an amount in excess of the amount of the indebtedness due at the time the creditor agency received the check,
 - (a) The State office shall, upon receipt of notice of such erroneous set-off, advise the respective agency of the erroneous set-off and request that such agency issue a check to the applicant in the amount of the excess set-off. A copy of the letter from the applicant, if any, shall be forwarded to the creditor Agency.
2. Where the set-off was made against the wrong person or against the proper person in an amount greater than that due under the application for payment.

(a) The State office shall, upon receipt of notice of such erroneous set-off, advise the respective agency. The statement prepared by the State office shall contain the full symbol and title of the appropriation charged, the check number, the date of the check, the amount of the check, the D. O. symbol number, the D. O. voucher number of the voucher on which the set-off was listed, and the name and address of the applicant against whose payment the set-off was made. If the Farm Security Administration is the agency in whose favor the erroneous set-off was made, it shall be requested to recredit the appropriation charged by means of Standard Form No. 1046. If the Farm Credit Administration or the Commodity Credit Corporation is the agency in whose favor the erroneous set-off was made, such agency shall be requested to have a check drawn in favor of the Treasurer of the United States and forwarded to the State office. The original and one copy of this statement shall be sent to the appropriate regional office of the Farm Security Administration, Farm Credit Administration, or Commodity Credit Corporation.

(1) Upon receipt of the statement in duplicate from the State office, the regional office of the Farm Security Administration will prepare Standard Form No. 1046, and upon receipt of an accomplished copy of Form 1046 from the Disbursing Office will forward two accomplished copies of such form to the State office. One copy of Form 1046 shall be forwarded by the State office to the General Accounting Preaudit Office with the adjustment case and the other copy shall be referred to the State Accountant.

(2) Upon receipt of the statement in duplicate from the State office the regional office of the Farm Credit Administration will have a check drawn in favor of the Treasurer of the United States for the account of the Agricultural Adjustment Administration and forward such check to the State office, if the amount of the set-off is being held in a suspense account or has been transferred to an appropriation still available for expenditure. When such check is received in the State office it shall be scheduled on Standard Form 1044 in accordance with existing

procedure. One copy of Form 1044 shall be forwarded by the State office to the General Accounting Preaudit Office with the adjustment case. If the amount of the erroneous set-off in favor of the Farm Credit Administration has been transferred to an appropriation which is no longer available for expenditure, the Washington office of the Farm Credit Administration will be advised by their regional office. The Washington office of the Farm Credit Administration will then send a letter to the General Accounting Office requesting that the proper appropriation be credited with the amount of the erroneous set-off. A signed copy of the letter to the General Accounting Office will be forwarded to the State office in which the erroneous set-off was effected. The copy of such letter shall be forwarded by the State office to the General Accounting Preaudit Office with the adjustment case, if any. After the proper appropriation is credited by the General Accounting Office, notice of such credit will be forwarded to the Southern Division to be referred to the State office for use by the State Accountant in correcting his records.

- (3) Upon receipt of the statement in duplicate from the State office the regional office of the Commodity Credit Corporation will draw a check in favor of the Treasurer of the United States for the account of the Agricultural Adjustment Administration and forward such check to the State office. When such check is received it shall be scheduled on Standard Form 1044 in accordance with existing procedure. One copy of Form 1044 will be forwarded by the State office to the General Accounting Preaudit Office with the adjustment case.
3. Cases may arise which involve a combination of B,1 and B,2 above where a set-off is made against a proper person but in an amount in excess of that due him under his application and in an amount greater than his indebtedness. The creditor agency upon receipt of the check determines that the amount of the check is in excess of the then indebtedness and transmits such excess to the debtor before being advised by the State office that the amount of the check was in error. In such event, the creditor agency will not be able to return to the Agricultural Adjustment Administration the amount transmitted to the debtor but will return only that part of the amount they applied against the debt which is in excess of the amount due under the appli-

cation. The balance of the overpayment shall be charged against the debtor on the State debt register.

4. In all the cases described above relating to the Farm Credit Administration, it is essential that the State office advise the regional offices immediately (by wire, if necessary) upon becoming aware that a set-off may have been improper, subsequently advising them as to the details of the error or advising them that the set-off was proper. This is essential since the Farm Credit Administration regional offices hold the amounts of set-off checks in special deposit for a period of 30 days and then apply them to the proper appropriation, some of which may no longer be available for expenditure thus necessitating action by the General Accounting Office.
- C. Where Erroneous Set-Off Was Effected by Direct Settlement (Form ACP-25) in Favor of the Farm Credit Administration or the Commodity Credit Corporation.
 1. The creditor agency shall be advised in the manner described in B, 1 and B,2 above, except that the description of the Certificate of Settlement shall be given. The creditor agency will then advise the General Accounting Office in order that proper adjustment may be made.
- D. Where Erroneous Set-Off Was Effected by Means of Standard Form 1096 in Favor of the Farm Security Administration.
 1. Immediately upon the discovery of the erroneous set-off a letter should be addressed by the administrative officer to the Regional Director of the Farm Security Administration advising him of the facts in the case.
 2. Standard Form No. 1097 should be executed in the same manner as that set forth in Part II of this supplement for cases involving appropriations of the Agricultural Adjustment Administration, with the following exceptions:
 - (a) Two additional copies of Standard Form No. 1097 should be prepared and transmitted to the Director, Southern Division.
 - (b) The entry over the words "Bureau or Office" should be "Farm Security Administration."
 - (c) The space for the signature and title of the approving officer should be left blank since a representative of the Farm Security Administration will sign the form.

- (d) To the left of the space provided for the signature of the approving officer enter the word "Recommended", followed by the signature of an administrative certifying officer, his title, and the letters "A.A.A.". The original and two copies should be signed by the administrative certifying officer and his name and title should be typed on all remaining copies.
- (e) Upon receipt of a copy of Standard Form No. 1097 from the Director, Southern Division, approved by the Farm Security Administration, the adjustment case, if any, shall be transmitted to the General Accounting PreAudit Office accompanied by this copy of Standard Form No. 1097.

PART II. WHERE AN APPROPRIATION OR FUND OF THE AGRICULTURAL ADJUSTMENT ADMINISTRATION HAS BEEN ERRONEOUSLY CREDITED OR CHARGED

A. Adjustment may be accomplished by use of Standard Form No. 1097.

1. Standard Form No. 1097 should be prepared:

- (a) Where a set-off has been made against a payment of a person who was not indebted, or against a person who was indebted, but the amount set off was in excess of the indebtedness, or
- (b) Where a set-off or a collection has been made in the correct amount from the proper person but an erroneous appropriation was credited.

B. It will not be necessary to withhold certification of an amount properly due a person until an accomplished copy of Standard Form No. 1097 has been received. When an appropriation of the Agricultural Adjustment Administration is to be credited, a copy of the Standard Form No. 1097, signed by the certifying officer, should be attached to the voucher prepared with respect to the adjustment case, if any, when it is transmitted for preaudit.

C. Distribution of Standard Form No. 1097.

1. Standard Form No. 1097 should be prepared in sextuple (original and five copies) except as noted otherwise in paragraphs 3 and 4 below, the original and four copies being forwarded to the Director, Southern Division, for disposition. 1/

1/ All copies of Standard Form No. 1097 should be clear and legible. Due to the number of copies required it is advisable to make two runs.

2. Enter on one copy of Standard Form No. 1097 the notation "Return to _____ State Office", giving the address thereof. Another copy should be designated for transmission to "Control Accounts and Reports Section, A.A.A., Old Post Office Building, Washington, D. C." Enter on the third copy the statement "Return to Mr. R.F. Croom, Southern Division, A.A.A., Old Post Office Building, Washington, D.C.", with notation of action taken.
3. If a set-off was made in an erroneous amount for the purpose of liquidating a debt resulting from an over-payment made in Washington by the Agricultural Adjustment Administration which was reported on Form C-1110 or Supplement A thereto, an additional copy of Standard Form No. 1097 should be prepared and transmitted to the Director, Southern Division, bearing the legend "Forward to Office of Comptroller, Agricultural Adjustment Administration, Old Post Office Building, Washington, D. C."
4. If the erroneous charge or credit was made in connection with the certification of payrolls, an extra copy should be prepared and referred to the Director, Southern Division, bearing the notation, "Forward to the Administrative Audit Section, Agricultural Adjustment Administration, Old Post Office Building, Washington, D.C."
5. The accomplished copy which is transmitted to the State office by the Southern Division should be forwarded to the State Accountant after notation of the action taken has been entered on the copy retained in the State office files.

D. Preparation of Standard Form No. 1097.

1. Fill in the heading as indicated.
 - (a) The "Reference Number", preceded by "SR" and the State code number, should commence with one 2/ and continue thereafter in numerical sequence without regard to the appropriations to be charged or fiscal years.
 - (b) Enter "Department of Agriculture" in the space entitled "Department or establishment".
 - (c) Enter "Agricultural Adjustment Administration" above the words "Bureau or Office".

2/ If reference numbers have been assigned to forms 1097 previously prepared, begin with the next unassigned number in the series.

- (d) The date the form is prepared should be shown in the space provided therefor.
- (e) The name of the disbursing officer, the location of the regional disbursing office involved, and the general collection symbol number of such office, 3/ should be entered in the designated spaces.

2. In the column headed "Reference" there should be set forth the Certificate of Deposit Number, and
 - (a) If a set-off was accomplished by means of Standard Form No. 1096, the schedule number should be shown, as well as the Disbursing Office Voucher Number of the voucher whereby the erroneous set-off was made.
 - (b) If a collection was scheduled on Standard Form No. 1044, the schedule number should be set forth.
3. In the column entitled "Period of Account" there should be entered the month and year in which the deposit was credited to the Treasurer of the United States. This information appears on the accomplished copy of the related Standard Form No. 1096 or Standard Form No. 1044.
4. The full symbols and titles of the appropriations to be charged and credited should be entered in the columns provided therefor.
5. The amount to be entered in the last column is the amount to be charged against one appropriation and credited to the other.
6. The explanation of the error which occurred and the reason an adjustment is necessary should be set out in detail and must be to the effect that the charge or credit was made through error, and not that it was made improperly. The name of the producer affected, the Disbursing Office Voucher Number of the voucher under which the indebtedness arose, and the name of the disbursing officer who made the disbursement shall be shown.
7. The original and one copy should be signed by an administrative certifying officer and his name and title should be typed on all remaining copies.

3/ Atlanta, Ga. - 891-810
New Orleans, La. - 891-819
Dallas, Texas - 891-814

PART III. PREPARATION AND DISTRIBUTION OF FORM ACP-28, "OFFICIAL RECEIPT."

A. Preparation.

Forms ACP-28 shall be prepared in all cases where there has been a charge or credit made pursuant to the provisions of this supplement to an appropriation with respect to which deductions for county association expenses were made from the payments. The necessary adjustment in the county association expenses shall be shown in the usual manner, below the words "Action Taken". Two sets of Form ACP-28 shall be prepared if the adjustment requires an increased deduction with respect to the appropriation charged by the 1097 and a decreased deduction with respect to the appropriation credited.

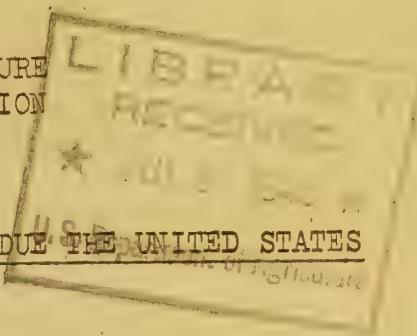
B. Distribution.

Forms ACP-28 prepared in accordance with A above shall be distributed in accordance with established procedure.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

SOUTHERN DIVISION

STATE OFFICE PROCEDURE FOR SETTING OFF AMOUNTS DUE THE UNITED STATES



SRC-303 is hereby amended as follows:

I

A. The definitions of "USDA" agencies in paragraph 1, subsection B of section I (page 4) are amended by the addition of the following:

"FCIC means the Federal Crop Insurance Corporation."

B. The definition of "Other USDA agency" is also amended to read as follows:

"Other USDA agency" means any agency or bureau of the USDA other than the AAA, CCC, FSA, FCA, or FCIC."

C. Paragraph 1, subsection D of section I (page 5) is amended by the addition of the following new subparagraph (h):

"(h) Debts owed to the FCIC because of excess indemnity payments."

D. The heading of subsection A of section III (page 13) is amended to read as follows:

"A. Where set-off is being made in favor of the AAA^{5/}, the CCC, the FSA, the FCA, the FCIC, or other USDA agency, or two or more of such agencies but set-off is not being made in favor of an independent agency."

E. The heading of subsection C of section III (page 17) is amended to read as follows:

"C. Where Set-Off is to be made in Favor of an Independent Agency and the AAA, CCC, FSA, FCA, FCIC or other USDA Agencies."

F. Subsection D of section III (page 17) is amended to read as follows:

"D. Where Set-Off is to be made in Favor of the CCC, FSA, FCA, FCIC, or other USDA Agencies.

1. Set-offs in favor of the CCC, FSA, FCA, FCIC, or other USDA agency shall be accomplished by voucherizing a payment in favor of the Treas.,

U.S., in care of 9/ the creditor-agency in the amount to be set off. Such amounts shall be credited for payment on the voucher whereon the debtor-applicant's application is certified for payment."

G. The heading of subparagraph (f), paragraph 1, subsection A of section IV (page 19) is amended to read as follows:

"(f) If the debtor-applicant is indebted to the CCC, FSA, FCA, FCIC (for excess indemnity payment), or to other USDA agencies, and if a set-off is to be made in liquidation of such debt, on the next succeeding line,"

H. Subparagraph (f) (2), subsection H of section IV (page 30) is amended to read as follows:

"(f) (2) If the debtor-applicant is indebted to an independent agency and the CCC, FSA, FCA, FCIC, or other USDA agencies, the paragraph relative to the debt owed to the CCC, FSA, FCA, FCIC, or other USDA agency should be in the following general form:

a. The records of the (State) State office indicate that the above-named applicant is indebted to the (CCC, FSA, FCA, FCIC, or other USDA agency) and it is requested that the amount of \$(Amount to be set off under the particular application in favor of the creditor-agency, as determined pursuant to the provisions of subsection C, section II hereof) be applied toward liquidation of the above-named applicant's indebtedness to (name of creditor-agency)."

I. Subparagraph (c), paragraph 5, subsection I of section IV (page 35) is amended to read as follows:

"(c) If the debt is owed to the CCC, FSA, FCA, FCIC, other USDA agency, or to an independent agency, the letter should be prepared in accordance with the example appearing in subparagraph (a) above, except that the paragraph should set forth the name of the creditor-agency and the amount of the indebtedness, and should include any other information furnished by the creditor-agency. The third paragraph of the example appearing in subparagraph (a) above should be included, if applicable."

9/ The regional addresses of such creditor agencies will be furnished by the Director. If other addresses are to be used they will be furnished by the creditor agencies."

II

A. Subsection G of section I (page 7) is amended by the addition of the following new paragraph 3.

"3. No set-off shall be made against any amount payable to a person from the marketing quota special deposit accounts."

III

A. Subsection J of section I (page 10) is amended to read as follows:

"J. Minimum Amount to be Set Off.

1. If the amount of the debtor-applicant's indebtedness is less than \$3.00 such indebtedness need not be collected by set-off, except in cases where:
 - (a) The indebtedness was due to an overpayment which resulted in an underpayment being made to one or more producers, or
 - (b) The indebtedness arose from failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938, or
 - (c) The indebtedness was due to a Crop Insurance Advance or Grant of Aid, or
 - (d) The indebtedness is one to which the General Accounting Preaudit Office has taken an exception in the Disbursing Officer's Account, as evidenced by GAO Form No. 2084.
2. In cases where a producer is listed for more than one debt (other than those listed under 1 above) set-off will be made if the sum of such debts equals or exceeds \$3.00."

IV

A. Subparagraph (f) (2), paragraph 1, subsection A of section IV (page 19) is amended by the addition of a new item b as follows:

"b. In cases where payments are certified to the Treas., U. S., in care of the FSA, the continuation sheets shall show the address of the FSA as furnished by the regional office of the FSA for the respective county. In these cases payment to the FSA shall be scheduled in the following manner:

'Treas., U.S.

c/o FSA,

(address of the supervisor to whom the check is to be delivered).'

The name of the supervisor shall not be included. The name of the debtor shall be shown in the usual manner."

V

A. Section VI (page 37) is amended by the addition of a new subsection E as follows:

"E. Refund Made to the AAA Instead of the Producer:

1. A check drawn payable to the Treasurer of the U. S. in care of the AAA may be received from creditor-agencies in cases where excess amounts were set off in connection with reported indebtedness and,
 - (a) The whereabouts of the payee is unknown, or
 - (b) The creditor agency is unable to make refund direct to the producer for any other reason except death. (In cases where the person entitled to such amount has died the funds will be deposited to the appropriation from which originally drawn.)
2. Checks covering refunds in cases of this type should be deposited to the credit of the trust fund "128881 Deposits of Unclaimed Moneys of Individuals Whose Whereabouts are Unknown (Name of Individual)."
3. Upon receipt of claim from the payee, a Form AD-42 should be prepared as follows:
 - (a) The form shall not be dated.
 - (b) Enter the name and address of the claimant and the code and serial number of the related application against which the erroneous set-off was made after the words 'The accompanying account of.'
 - (c) Enter on the line 'Amount claimed _____' the amount deposited in accordance with paragraph 2 above for the respective producer.
 - (d) The appropriation chargeable will be '2008892 1/ Payment of Unclaimed Moneys.' (The difference between the fund creditable and chargeable is due to the fact that the Congress annually appropriates funds for expenditure for this purpose.)

1/ The second zero in the symbol is the fiscal year designation. Claims approved by the State office subsequent to June 30, 1940 should have the second zero changed to '1' and in claims approved subsequent to June 30, 1941, the '1' should be changed to '2', etc.

(c) Below the entry showing the chargeable appropriation there should be entered the following statement:

'According to the records of the _____ State office, Southern Division, Agricultural Adjustment Administration, there is due the above-named applicant a net (phrase descriptive of program) payment in the amount of \$ (Amount deposited in name of applicant) and there is no reason why payment should not be made to the applicant.'

4. The original and three copies of form AD-42, including the two initialed copies and the statement of claim by the applicant should be forwarded to the Director after which the forms will be handled in accordance with the provisions of paragraphs 4 through 6, subsection B, section VI of SRC-302."

VI

B. Subparagraph (a)(1), paragraph 2, subsection B of section VI (page 37) is amended to read as follows:

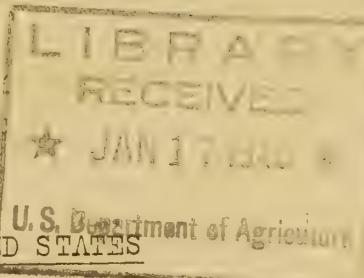
"(a)(1) Upon receipt of the statement in duplicate from the State office, the regional office of the FSA will:

- a. Prepare form 1046 if the money is in their special deposit account, and upon receipt of an accomplished copy of form 1046 from the DO, will forward two accomplished copies of such form to the State office. One copy of form 1046 shall be forwarded by the State office to the preaudit office with the adjustment case and the other copy shall be referred to the State accountant, or
- b. Advise the State office that form 1097 must be used if the money is not in their special deposit account, in which event the FSA will include in their reply the symbol and title of the appropriation or fund which was credited with the amount set off. The State office will prepare and handle form 1097 in accordance with instructions set forth in section VII of this SRC-303 with the exception that the forms 1097 should be referred to the field office of the FSA which requested the use of form 1097. After approval by that office the form 1097 will be transmitted to the Finance Division of the FSA for approval, thence to the Southern Division for approval and transmission to the Office of Budget and Finance, Department of Agriculture. Sufficient copies should be prepared in addition to the usual number of forms 1097 to enable the field offices of the FSA and their Finance Division to each retain a copy and the office of Budget and Finance to return a copy to the Finance Division of the FSA."

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

SOUTHERN DIVISION

STATE OFFICE PROCEDURE FOR DEDUCTING AMOUNTS DUE THE UNITED STATES



SRC-303, Preliminary, is hereby amended as follows:

I

Paragraph 1(b), subsection D of section I (page 4) is amended to read as follows:

"(b) Debts owed to the AAA, in the following order:

- (1) Debts arising from failure to return properly executed Forms CAP-3 with respect to payments under the 1935 Cotton Price Adjustment Program.
- (2) Overpayment certified through the State office (including indebtedness for grants of aid and crop insurance advances).
- (3) Debts arising from overpayment made in Washington by the AAA.
- (4) Debts arising from failure to remit penalties under the cotton marketing quota provisions of the Agricultural Adjustment Act of 1938."

II

Paragraph 1(c), subsection E of section I (page 5) is amended to read as follows:

"(c) Return of an accomplished copy of Standard Form No. 1096 if the debt resulted from

- (1) Failure to return Form CAP-3, or
- (2) Overpayment by the State office (including indebtedness for grants of aid and crop insurance advances).
- (3) Failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938."

III

Paragraphs 1 and 2, subsection A of section II (page 8) is amended to read as follows:

- "1. A Form SRM-246, Revised, need not be prepared in cases where the debtor-applicant owes only one agency (excluding requests for set-off on Forms AAA-372) unless it is necessary to prorate payments to assignees or to governmental agencies pursuant to Forms AAA-372.
2. A Form SRM-246, Revised, shall be prepared with respect to the application(s) in which a debtor-applicant has an interest which are filed under each program in connection with which a set-off against the debtor-applicant's payment is to be made, if the debtor-applicant owes two or more agencies (including requests for set-off on Forms AAA-372). If a debtor-applicant has an interest in applications covering farms in more than one county, a separate Form SRM-246, Revised, shall be prepared for the application(s) from each county, if a set-off is to be made against the payment accruing to the debtor-applicant under the application(s) from such county."

IV

Paragraph 1, subsection C of section II (page 11) is amended to read as follows:

- "1. Any amount shown on Form SRM-246, Revised, as being payable to an assignee shall be voucherized for payment to such assignee under the application with respect to which such assignment was executed. Any amount requested to be set off on Forms AAA-372 which is to be set off shall be voucherized for payment under the application with respect to which such Form AAA-372 was executed. Debts listed on the Form SRM-246, Revised, which are to be set off shall be set off against the payment under any application (including amounts assigned in excess of amounts shown on the Form SRM-246, Revised, as payable to assignees.) The amount payable to the debtor-applicant (as shown in line 11, column A, Form SRM-246, Revised) may be voucherized under any application whereunder a sufficient payment is computed for the debtor-applicant in excess of any amount payable to an assignee or to a governmental agency pursuant to a Form AAA-372."

V

Footnote #4 in subsection A of section III (page 12) is amended to read as follows:

- "4/ If the set-off is being made because of failure to return

a properly executed form CAP-3 with respect to a payment under the 1935 CAP Program, the set-off shall be made in accordance with the provisions of this subsection A with the exceptions outlined in section III, Part II of SRC-103, Revised. If the set-off is being made in favor of the Cotton Pool Account the set-off shall be made in accordance with the provisions of this subsection A with the following exceptions:

1. Schedule these set-offs on a separate Form 1096.
2. The 'D.O. Symbol No.' to be entered at the top of the form is '89-756', which is Mr. G. F. Allen's Washington collection symbol. (The collection symbol of the Regional Disbursing Officer is not to be shown.)
3. In addition, enter the following statement: 'For deposit to the official credit of G. F. Allen, Washington, D. C. symbol number 89-756.'"

VI

Footnote #11 in subsection B of section IV (page 18) is amended to read as follows:

"11/ The Treasurer of the United States shall be counted as one payee regardless of the number of deductions scheduled on the schedule of voucher deductions except that each check to be drawn payable to the Treasurer of the United States in care of a creditor agency shall be counted as a payee."

VII

Paragraph 1, subsection D of section IV (page 19) is amended to read as follows:

- "1. (a) Where set-offs are listed on form 1096 in favor of Cotton Pool Accounts such form 1096 shall not include set-offs in favor of any other fund or appropriation.
- (b) Where set-offs are listed on form 1096 for failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938, such form 1096 shall not include set-offs in favor of any other fund or appropriation.
- (c) Set-offs being made in liquidation of indebtedness to the AAA other than those in (a) and (b) above may be listed on one form 1096 provided that each form 1096 bears a summary (appearing on the last sheet if the schedule consists of more than one sheet) showing the total amount to be credited to each appropriation. If the form 1096 is not summarized, a separate form 1096 must be prepared for each appropriation to be credited."

VIII

The following procedure, at the discretion of the State office, may be substituted for designated portions of the present procedure. (Such change will be more desirable in cases where numerous set-offs are credited to a single appropriation, as is likely in connection with set-offs for crop insurance advances.)

A. Subparagraph (b)(2), paragraph 1, subsection A of section IV (page 17) may be amended to read as follows:

"(2) In the column entitled 'Name and address of payee' enter the words 'Treas. U. S.' followed by the symbol and title of the appropriation to be credited 10/, and the name of the debtor-applicant. Immediately below such entry enter the name of the Disbursing Officer by whom and the D.O. voucher number under which the overpayment was made. If the indebtedness arose as a result of disallowance of a disbursement by the GAO in postaudit, enter also the words 'GAO disallowance'."

B. Paragraphs 11, 12 and 13, subsection D, of section IV (page 20) may be amended to read as follows:

"11. Enter in the column entitled 'Appropriation and/or Fund to be Credited' the symbol and title of the appropriation to be credited from the related continuation sheet(s).

12. Enter in the column entitled 'Amount of Deduction' the amount of deduction to be credited to the appropriation. It will not be necessary to list the amount of each individual set-off shown on the related continuation sheet but only to list the total amount set off per appropriation creditable and per bureau voucher number, with the following exceptions:

(a) Each indebtedness reported on C-1110 or Supp. A thereto must be shown separately for the information of the Comptroller, AAA.

(b) The total amount being credited to an appropriation on account of crop insurance advances or grant of aid set-offs must be listed separately from amounts being credited to the same appropriation for other types of set-offs. (This breakdown is necessary since the Control Accounts and Reports Section posts crop insurance advances and grants of aid set-offs separately from other set-offs.)

13. Enter in the column entitled 'Remarks' a description of the reason for the set-offs, e.g. '40 Crop Ins. Adv., '39 Grants of Aid, or '38 Cons. Overpayments.'

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

SOUTHERN DIVISION

STATE OFFICE PROCEDURE FOR SETTING OFF AMOUNTS DUE THE UNITED STATES

I

A. Paragraph 3, subsection C of section I (page 5) is amended by the addition of the following new subparagraph (d):

"(d) When the State office makes a set-off in a case for which a request for set-off has been sent to another State office or another Region in accordance with the provisions of subparagraph (b) or (c) above, the State office should notify the Administrative Officer of the State to which the request for set-off was forwarded, if within the Southern Region, or the Director, if the request for set-off was sent to another Region, in order that the records of the respective State or Regional Office may be corrected."

II

A. Subparagraph (d)(2), paragraph 1, subsection A of section IV (page 18) is amended to read as follows:

"(d)(2) In the column entitled 'Name and Address of Payee' enter the words 'Treas., U.S.' followed by the symbol and title of the appropriation to be credited 10/ and the name of the debtor-applicant. Enter a description of the application or contract under which the indebtedness arose, followed by the D.O. voucher number of the voucher under which the overpayment was made, the name of the Disbursing Officer and the period of account in which the overpayment was made. (The period of account, of course, will not be shown where the overpayment was made in Washington since the Register of Indebtedness issued by the Office of the Comptroller, AAA, does not contain such information.)"

III

A. Paragraph 6, subsection C of section VII (page 40) is amended to read as follows:

"(6) The explanation of the error which occurred and the reason an adjustment is necessary should be set out in detail and



must be to the effect that the charge or credit was made through error, and not that it was made improperly. The name of the producer affected, the DO voucher number of the voucher under which the indebtedness arose, the name of the Disbursing Officer who made the disbursement, and the period of account in which the overpayment was made shall be shown 18/ (The period of account, of course, will not be shown where the overpayment was made in Washington, since the Register of Indebtedness issued by the Office of the Comptroller, AAA, does not contain such information.)"

Issued July 26, 1940

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION U.S. DEPARTMENT OF AGRICULTURE

SOUTHERN DIVISION

STATE OFFICE PROCEDURE FOR SETTING OFF AMOUNTS DUE THE UNITED STATES

I

This procedure is amended by the addition of the following new section IX:

"SECTION IX. PROCEDURE BY WHICH ONE STATE RECOVERS INDEBTEDNESS ARISING
IN ANOTHER STATE

A. Grant of Aid Indebtedness.

1. If producer's application for payment is filed in State A and there is to be deducted from the approved payment an amount for a grant of aid furnished the producer in State B, a notice of such indebtedness will be sent to State A:
 - (a) By the Office of the Comptroller in cases where the national \$10,000 limitation in payment is applicable. In such cases the Office of the Comptroller will, in executing Part II of Form ACP-107, add to the certification now appearing on the form the following:

'Subject to recovery of \$ _____ due to (Year)
grant of aid in (State). Notice of recovery
should be mailed to (Name)
(Address).'

- (b) By the State who made the grant of aid advance in cases where knowledge is available that the applicant has moved to another State, or has payment coming due in another State, but not in cases involving the \$10,000 national limitation handled through the means of Form ACP-107. In such cases certification of such indebtedness will be in letter form, advising the amount and crop year to which the grant of aid is applicable and name and address to which notification of recovery is to be mailed.
2. State 'A' upon the return of Form ACP-107 duly executed in Part II by the Office of the Comptroller or on notification from another State of unpaid grant of aid advance, will:

- (1) The State Accountant in State 'A' will use the copy of the memorandum as his authority to decrease the grant of aid recovery as shown on his memorandum record of grants of aid recoveries by set-off which he increased pursuant to the form 1096 by which the grant of aid set-off was made.
- (2) The Claims and Remittance Clerk in State 'B' will use the copy of the memorandum as his authority for removing the grant of aid indebtedness from the register. No postings are to be made by the State Accountant since the grant of aid allotments are not maintained by him.
- (3) The Control Accounts and Reports Section will use the copy of the memorandum as authority to decrease the allotment account for State 'A' and to increase the allotment account for State 'B' under the appropriation which was credited by means of the form 1096.

B. Other Indebtedness

1. If producer's application for payment is filed in State 'A' and there exists in State 'B' indebtedness for overpayments made on previous programs, crop insurance premium advance or other items appearing on the Register of Indebtedness, a notice will be sent to State 'A' in the same manner as indicated in A, 1, (a) and A, 1, (b) covering Grants of Aid Indebtedness and in connection furnish data as to appropriation creditable including allotment symbol.
2. State 'A' upon the return of Form ACP-107 duly executed in Part II by the Office of the Comptroller indicating indebtedness of producer or on notification from another State of existing indebtedness will:
 - (a) If the indebtedness exists under the same appropriation as the appropriation under which the applicant is receiving payment, follow the existing voucher reduction procedure. A memorandum shall be prepared in duplicate and signed by the Certifying Officer stating in effect that the indebtedness covering (nature of indebtedness) under (appropriation allotment symbol code) in the name of

(Name of debtor) in (State)
in the amount of \$ has been recovered
by voucher reduction under (Year)
program application (State County and Serial Nos.) paid
under Disbursing Office voucher number
dated One copy of this memorandum shall
be sent to the office of State 'B' and one copy to the
State Accountant in State 'A'.

(1) The State Accountant in State 'A' will use the copy of the memorandum as his authority only to decrease the amount of his memorandum account of recoveries for crop insurance premium advances (this being the only account at the present time which would be applicable) which was increased per form ACP-22.

(2) The State Accountant in State 'B' will use the copy of the memorandum received from State 'A' to increase the amount of his memorandum account of recoveries for crop insurance premium advances. Two copies of this memorandum should be transmitted to the Claims and Remittance Clerk in State B by the State Accountant, one copy for recording to their debt register and the other for transmittal to the General Accounting Preaudit Office as a notification of crop insurance premium advance recovery.

(b) If the indebtedness exists under a different appropriation from the appropriation under which the applicant is receiving payment, follow the existing form 1096 procedure crediting the appropriation applicable. After the accomplished copy of the form 1096 has been returned from the D O, a memorandum shall be prepared in triplicate and signed by the Certifying Officer to the effect that the indebtedness covering (Nature of indebtedness) in the name of (name of debtor) in (State), in the amount of \$, has been recovered by set-off against Disbursing Office Voucher number dated by Standard Form 1096 schedule number , Certificate of Deposit number dated and credited to appropriation allotment symbol code . One copy of this memorandum shall be transmitted to State 'B'; one copy to the Control Accounts and Reports Section, and one copy to the State Accountant of State 'A'.

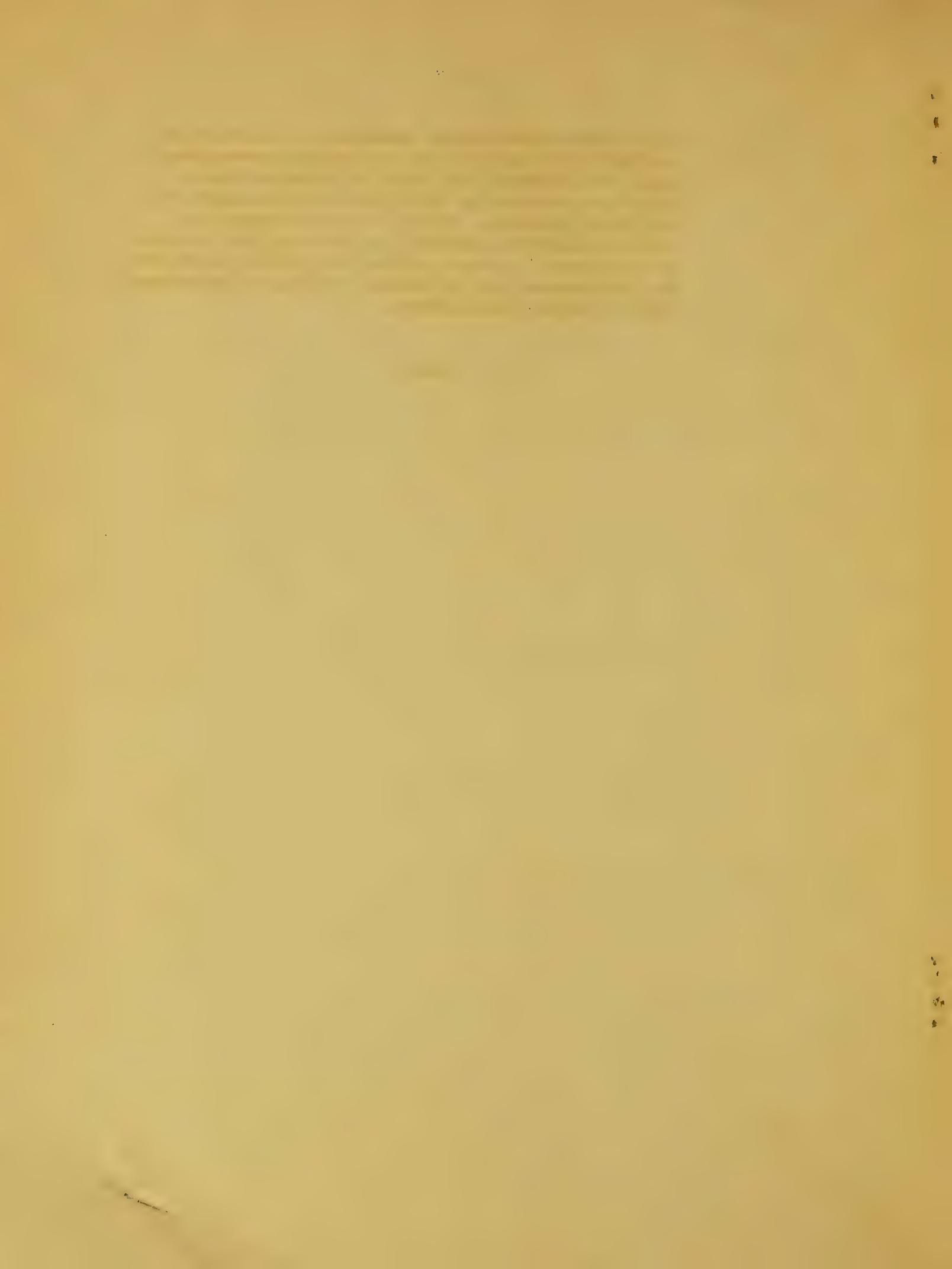
(1) The State Accountant in State 'A' will use the copy of the memorandum to decrease the allotment account which he increased pursuant to the form 1096 by which the indebtedness set-off was made, provided such allotment is officially maintained in the State 'A'.

(2) The State Accountant in State 'B' will use the copy of the memorandum for increasing the allotment account if such is officially maintained in his State office and if not the copy of the memorandum will be used only to remove the item from the Register of Indebtedness with proper notation as to recovery thereof.

(3) The Control Accounts and Reports Section will use the

copy of the memorandum as authority to decrease the allotment for State 'A' and to increase correspondingly the allotment for State 'B' provided these allotment accounts are not officially maintained in the States involved. If the States maintain the official allotment accounts, no postings will be made by the Control Accounts and Reports Section other than the disbursement and collection posting to the General Ledger covering expenditures.

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

SOUTHERN DIVISION

STATE OFFICE PROCEDURE FOR SETTING OFF AMOUNTS DUE THE UNITED STATES



I

This procedure is amended by the addition of the following new
Section X:

"Section X. PROCEDURE FOR WITHHOLDING INCOME TAX FROM AAA PAY-
MENTS DUE NON-RESIDENT ALIENS

A. Applicability.

1. If an application for payment is filed by or on behalf of a person whose address is shown to be outside the United States, its possessions, or territories and no statement is submitted by the county committee to show that the applicant is a citizen of the United States, it will be necessary to withhold part of the payment computed for the applicant in accordance with the following outlined procedure.
2. The tax is applicable to all AAA payments but with respect to conservation and sugar payments the tax is to be applied against the payment less the county association expense deduction (hereinafter referred to as net payment).
3. In cases where an applicant obtained conservation materials or a crop insurance advance and the deduction therefor equals or exceeds the net payment, no tax can be withheld. If, however, such deduction is less than the net payment the tax is to be computed against the net payment but the amount to be withheld for tax cannot exceed the amount by which the net payment exceeds the deduction for the materials or crop insurance advances.
4. With respect to assignments, the status of the assignor and not the assignee is the controlling factor. Accordingly, the net payment earned by an assignor who is a non-resident alien is subject to the tax and conversely, if the assignor is not a non-resident alien the tax is not applicable irrespective of the status of the assignee.
5. Items of indebtedness against a non-resident alien for reasons other than those listed above, are to be deducted after the tax deduction.

B. Rates of Tax.

1. For non-resident alien corporations - 15%.
2. For all non-resident alien residents of Canada other than Corporations - 5%.
3. For all other non-resident aliens, other than Corporations - 10%.

C. Method of Withholding Tax.

1. Form 1042 (Treasury Department, Internal Revenue Service, 1940) shall be prepared in original and one copy for each case where tax is to be withheld (including Canadian cases).
2. Form 1042B (Treasury Department, Internal Revenue Service, 1940) shall be prepared in original and two copies for each case where the non-resident alien is a resident of Canada.
3. Preparation of forms 1042 and 1042B:
 - (a) The name of the "withholding agent" shall be listed as "Department of Agriculture, AAA, _____ State office" and the address will be that of the State office.
 - (b) The "name of agent for above withholding agent" shall be "G. F. Allen, Chief Disbursing Officer" and the address will be that of the disbursing office in which the check is to be drawn.
 - (c) The "nature of income" shall be described by the name and year of the program in connection with which the payment is earned.
 - (d) The "gross amount of income paid" shall be the amount against which the tax is computed. In cases where due to conservation materials or crop insurance advances the amount available for transfer to the Bureau of Internal Revenue is less than the amount normally to be deducted, an explanation shall be made on the form 1042 (and 1042B where applicable) to the effect that \$_____ of the "gross amount of income paid" was paid in materials or crop insurance advances.
 - (e) For cases which on December 31, 1940, were being held pending receipt of instructions, the tax shall be considered as being withheld during the calendar year 1940.
 - (f) For cases which arise during the calendar year 1941, forms 1042 and 1042B shall also be used but "1940" shall be changed to "1941" on the form(s).

- (g) The form 1042 (and 1042B if applicable) shall be signed by an administrative certifying officer and his name and title shall be typed immediately below his signature.
- (h) The form 1042 (and 1042B if applicable) must be notarized.

4. Form AAA-397, "Data with Respect to Applicant(s) Residing Outside of the United States," shall be executed (original and one copy) for each case where an application is filed by or on behalf of individuals or co-signers whose addresses are outside of the United States, its possessions, or territories.

- (a) In case of co-signers the form AAA-397 is to be signed by or on behalf of all the co-signers even though some may be citizens or resident aliens.
- (b) If the application for payment is signed on behalf of a non-resident alien partnership, association, corporation, estate, or trust, the form AAA-397 should not be executed but the tax shall be withheld from the payment on the assumption that such applicants are non-resident aliens.
- (c) Where the address of an applicant is within the United States, its territories, or possessions, it shall be assumed that such applicant is not a non-resident alien and hence form AAA-397 should not be executed unless the county committee has knowledge of the fact that such applicant is a non-resident alien.

5. Irrespective of the location of the State office withholding the tax the amount of the tax shall be scheduled on the applicable voucher form as payable to the "Treasurer, U. S., c/o Collector of Internal Revenue, Baltimore, Md." Such amount shall be entered on the application for payment (or attached statement) in the same manner as set-offs in favor of other bureaus of the Department of Agriculture.

6. The original of the form AAA-397 shall be attached to the respective application when it is transmitted to G.A.O. for preaudit.

7. Form 1042 and, where applicable, the original and one copy of form 1042B shall be attached to the original of the schedule of disbursements. The Disbursing Officer, upon drawing the check will mail the check and accompanying forms to the Collector of Internal Revenue, Baltimore, Maryland.

8. One copy of the form AAA-397 and form 1042 and, where applicable, one copy of form 1042B shall be filed with the State office copy of the application for payment.